
TRANSCRIPT OF PROCEEDINGS

relating to

\$156,390,000
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS
consisting of:

\$31,610,000
Taxable Special Obligation Bonds
(Kansas City, Missouri Projects)
Series 2017A

\$19,185,000
Special Obligation Bonds
(Kansas City, Missouri Projects)
Series 2017B

\$89,410,000
Special Obligation Refunding Bonds
(Kansas City Downtown Redevelopment District)
Series 2017C

\$16,185,000
Special Obligation Refunding Bonds
(Midtown Redevelopment Project)
Series 2017D

March 23, 2017

Legal Opinion:

Kutak Rock LLP
Kansas City, Missouri, and

Hardwick Law Firm, LLC
Kansas City, Missouri

CLOSING MEMORANDUM AND INDEX TO TRANSCRIPT OF PROCEEDING

This Memorandum sets forth the actions to be taken in connection with the issuance, sale and delivery by the City of Kansas City, Missouri, of its \$31,610,000 Taxable Special Obligation Bonds (Kansas City, Missouri, Projects) Series 2017A (the "Series 2017A Bonds"), \$19,185,000 Special Obligation Bonds (Kansas City, Missouri, Projects) Series 2017B (the "Series 2017B Bonds"), \$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the "Series 2017C Bonds"), and \$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D (the "Series 2017D Bonds"). (Collectively, the Series 2017A Bonds, the Series 2017B Bonds, the Series 2017C Bonds, and the Series 2017D Bonds are referred to herein as the "Bonds").

The documents and actions described herein and in the Index to Transcript of Proceedings attached hereto are to be delivered and taken as a condition precedent to the issuance of the Bonds. Such delivery of documents and actions shall be deemed to have taken place simultaneously at the closing, and no delivery of documents, payments of moneys or other actions with respect to the foregoing transactions will be considered to have been completed until all such deliveries, payments or other actions have been made or taken.

The preclosing will commence at 2:00 p.m., Central time, on March 22, 2017, at the offices of Kutak Rock LLP, Two Pershing Square, 2300 Main, Suite 800, Kansas City, Missouri 64108. Closing will be held at 10:00 a.m. Central time on March 23, 2017, at the offices of Kutak Rock LLP. Complete Transcripts of Proceedings will be prepared and distributed as follows:

1. City of Kansas City, Missouri, Issuer.
2. UMB Bank, N.A., Trustee.
3. Kutak Rock LLP, Co-Bond Counsel and Co-Disclosure Counsel
4. Hardwick Law Firm, LLC, Co-Bond Counsel and Co-Disclosure Counsel
- *5. Brian Rabineau, Esq., Issuer's Counsel
- *6. J.P. Morgan Securities LLC, Underwriter
- *7. Bryan Cave LLP, Underwriters' Counsel
- *8. FirstSouthwest, a division of Hilltop Securities, Inc., City's Co-Financial Advisor
- *9. Moody Reid Financial Advisors, City's Co-Financial Advisor

* CD Rom only

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\$16,185,000
Special Obligation Refunding Bonds
(Midtown Redevelopment Project)
Series 2017D

Closing: March 23, 2017

CLOSING LIST

**Document
No.**

BASIC DOCUMENTS

1. Trust Indenture, relating to the Series 2017A Bonds and the 2017B Bonds
2. Trust Indenture, relating to the Series 2017C Bonds
3. Trust Indenture, relating to the Series 2017D Bonds
4. Specimen Bonds, Series 2017A, Series 2017B, Series 2017C and Series 2017D
5. Preliminary Official Statement (on CD Rom only) and Consent of Auditor
6. Bond Purchase Agreement
7. Official Statement and Consent of Auditor

DOCUMENTS DELIVERED BY THE ISSUER

8. Ordinance of the Issuer authorizing issuance of the Bonds, and Certificates of Final Terms
9. Issuer's Closing Certificate
10. Continuing Disclosure Undertaking

**ADDITIONAL DOCUMENTS RELATING TO SERIES 2017A BONDS
(KANSAS CITY, MISSOURI PROJECTS)**

11. Linwood Cooperative Agreement
12. Resolution of the Tax Increment Financing Commission of Kansas City, Missouri (the “TIF Commission”)
13. TIF Commission Closing Certificate

**ADDITIONAL DOCUMENTS RELATING TO SERIES 2017B BONDS
(KANSAS CITY, MISSOURI PROJECTS)**

14. Tax Compliance Agreement, relating to the Series 2017B Bonds, with:
 - Exhibit A IRS Form 8038-G
 - Exhibit B Issuer Declarations of Intent, 2017B Projects
 - Exhibit C Certificate of Financial Advisor, with Debt Service Schedules, Weighted Average Maturities and Proof of Bond Yield
 - Exhibit D Description of Financed Facilities
 - Exhibit E Certificates of Managers
 - Exhibit F Refunded Series 2014D Bonds
 - Exhibit G Annual Compliance Checklist
 - Exhibit H Sample Final Written Allocation
 - Exhibit I Estimated Project Fund Earnings

**ADDITIONAL DOCUMENTS RELATING TO SERIES 2017C BONDS
(KANSAS CITY DOWNTOWN REDEVELOPMENT DISTRICT)**

15. Resolution of The Industrial Development Authority of the City of Kansas City, Missouri (the “IDA”)
16. Fourth Supplemental Trust Indenture, relating to Downtown Redevelopment District Bonds Indenture
17. IDA Closing Certificate
18. Resolution of the Downtown Economic Stimulus Authority (“DESA”) (post-closing)
19. First Supplement to DESA Cooperative Agreement, with Original Agreement (post-closing)
20. DESA Closing Certificate (post-closing)
21. Tax Compliance Agreement, relating to the Series 2017C Bonds, with:
 - Exhibit A IRS Form 8038-G
 - Exhibit B Certificate of Financial Advisor, with Debt Service Schedules, Weighted Average Maturities and Proof of Bond Yield
 - Exhibit C Description of Financed Facilities
 - Exhibit D Refunded Series 2005A Bonds
 - Exhibit E Annual Compliance Checklist

**ADDITIONAL DOCUMENTS RELATING TO SERIES 2017D BONDS
(MIDTOWN REDEVELOPMENT PROJECT)**

- 22. IDA Resolution
- 23. TIF Commission Resolution
- 24. Midtown Cooperative Agreement
- 25. Second Supplement to Redevelopment District Tax Redistribution Agreement, with Original Agreement and First Supplement.
- 26. Tax Compliance Agreement, relating to the Series 2017D Bonds, with:
 - Exhibit A IRS Form 8038-G
 - Exhibit B Certificate of Financial Advisor, with Debt Service Schedules, Weighted Average Maturities and Proof of Bond Yield
 - Exhibit C Description of Financed Facilities
 - Exhibit D Refunded Series 2007A Bonds
 - Exhibit E Annual Compliance Checklist

DOCUMENTS DELIVERED BY THE TRUSTEE

- 27. Trustee's Closing Certificate

DOCUMENTS DELIVERED BY THE UNDERWRITER

- 28. Underwriters' Receipt for Bonds and Closing Certificate

REFUNDING AND REDEMPTION DOCUMENTS

- 29. Notice of Defeasance and Redemption and Irrevocable Instructions for the Series 2005A Bonds
- 30. Escrow Trust Agreement related to Refunded Series 2005A Bonds
- 31. Closing Certificate of the Escrow Agent (2005A Bonds)
- 32. Notice of Ambac of Defeasance of Series 2005A Bonds
- 33. Notice of Defeasance and Redemption and Irrevocable Instructions for the Series 2007A Bonds
- 34. Escrow Trust Agreement related to Refunded Series 2007A Bonds
- 35. Closing Certificate of the Escrow Agent (2007A Bonds)
- 36. Refunded Bonds Trustees Redemption/Material Event Notices
 - A. Series 2005A Bonds
 - B. Series 2007A Bonds
- 37. City Material Event Notices
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38. SLGS Purchases confirmations
 - A. Series 2005A Bonds
 - B. Series 2007A Bonds
39. Verification Reports
40. City Notice of Partial Redemption, Series 2014D Bonds
41. Trustee Notice of Partial Redemption, Series 2014D Bonds
42. Certificate of Paying Agent, Series 2014D Refunded Bonds
43. Trustee and Escrow Trustee Defeasance Certificates
 - A. Series 2005A Bonds
 - B. Series 2007A Bonds
44. Defeasance Opinions
 - A. Series 2005A Bonds
 - B. Series 2007A Bonds

MISCELLANEOUS CLOSING DOCUMENTS

45. Closing Memorandum
46. Rating Agency Letters
47. Uniform Commercial Code Financing Statements relating to the Trust Indentures
48. DTC Blanket Letter of Representation
49. Documents Relating to Replacement of Series 2004B-1 Debt Service Reserve Fund Surety Bond with Cash
 - City Instruction Letter to Series 2004B-1 Trustee
 - Endorsement Cancelling Surety Bond
 - City Material Event Notice

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 - Approving Opinion
 - Supplemental Opinion
 - Opinion on Amendment of Downtown Redevelopment District Bonds Indenture by Fourth Supplemental Trust Indenture
51. Opinions of Co-Disclosure Counsel
52. Opinion of Underwriters' Counsel
53. Opinion of City Attorney

Execution Copy

TRUST INDENTURE

between

THE CITY OF KANSAS CITY, MISSOURI

and

UMB BANK, N.A.
as Trustee

Relating to

\$31,610,000
Taxable Special Obligation Bonds
(Kansas City, Missouri Projects)
Series 2017A
of the
City of Kansas City, Missouri

And

\$19,185,000
Special Obligation Bonds
(Kansas City, Missouri Projects)
Series 2017B
of the
City of Kansas City, Missouri

Dated as of March 1, 2017

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TRUST INDENTURE

THIS TRUST INDENTURE (this “Indenture”), entered into as of March 1, 2017, between the **CITY OF KANSAS CITY, MISSOURI**, a constitutional charter city and political subdivision of the State of Missouri (the “Issuer”), and **UMB BANK, N.A.**, a national banking association duly organized and existing under the laws of the United States of America and authorized to accept and execute trusts of the character herein set out under the laws of the State of Missouri, and having its principal corporate trust office located in the City of Kansas City, Missouri, as trustee (the “Trustee”);

RECITALS

WHEREAS, the Issuer is authorized under its charter to issue its notes, bonds or other obligations in evidence thereof; and

WHEREAS, the governing body of the Issuer passed and approved Ordinance No. 170132 on February 23, 2017 (the “Ordinance”), authorizing the issuance of bonds to finance and refinance certain projects as described below; and

WHEREAS, the Issuer previously issued its \$10,075,500 Special Obligation Bond Anticipation Bonds (Streetcar System Expansion Project) Series 2014D (the “Series 2014D Bonds”) pursuant to the Bond Issuance and Purchase Agreement dated as of June 1, 2014 (the “Original Agreement”) by and between the Issuer and PNC Bank, National Association, as purchaser, as amended by the First Amendment to Bond Issuance and Purchase Agreement dated as of January 1, 2015 (the “Amendment” and with the Original Agreement, the “Series 2014D Agreement”), and applied a portion of the proceeds thereof in the amount of \$1,504,000 to finance certain capital costs associated with the creation by the Issuer in conjunction with the State of Missouri (the “State”), of an Assessment Triage Center to serve people with a mental illness or substance use disorder, located in a building leased to the Issuer by the State (the “Crisis Center Project”), which portion will be current refunded with proceeds of the herein-defined Series 2017B Bonds (such portion being refunded is referred to herein as the “Refunded Series 2014D Bonds”); and

WHEREAS, pursuant to the Ordinance, the Issuer is authorized to issue its Taxable Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017A in the original aggregate principal amount of \$31,610,000 (the “Series 2017A Bonds”), the proceeds of which Series 2017A Bonds will be used to provide funds (a) to acquire, construct, reconstruct and/or improve certain capital improvements and other projects including, but not limited to the projects listed on Schedule I attached hereto, (b) to fund a debt service reserve fund for the Kansas City Municipal Assistance Corporation Tax-Exempt Leasehold Improvement Revenue Bonds (H. Roe Bartle Convention Center and Infrastructure Project) Series 2004B-1, (c) to pay capitalized interest on the portion of the Series 2017A Bonds which finances the herein defined Linwood Project Portion of the Series 2017A Bonds; and (d) to pay certain costs related to the issuance of the Series 2017A Bonds, all as more fully described herein; and

WHEREAS, pursuant to the Ordinance, the Issuer is authorized to issue its Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B in the original aggregate principal amount of \$19,185,000 (the “Series 2017B Bonds” and together with the Series 2017A Bonds, the “Series 2017 Bonds” or the “Bonds”), the proceeds of which Series 2017B Bonds will be used to provide funds (a) to acquire, construct, reconstruct and/or improve certain projects, including but not limited to the projects listed on Schedule II attached hereto and to refinance the Crisis Center Project through the current refund the Refunded Series 2014D Bonds and (b) to pay certain costs related to the issuance of the Series 2017B Bonds, all as more fully described herein; and

WHEREAS, all things necessary to make the Series 2017 Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid, legal and binding obligations of the Issuer, and to constitute this Indenture a valid, legal and binding pledge and assignment of the property, rights, interests and revenues made herein for the security of the payment of the Series 2017 Bonds, have been done and performed, and the execution and delivery of this Indenture and the execution and issuance of the Series 2017 Bonds, subject to the terms of this Indenture, have in all respects been duly authorized.

GRANTING CLAUSES

To declare the terms and conditions upon which the Series 2017 Bonds are to be authenticated, issued and delivered and to secure the payment of all of the Bonds issued and Outstanding under this Indenture from time to time according to their tenor and effect and to secure the performance and observance by the Issuer of all the covenants, agreements and conditions contained in this Indenture and in the Series 2017 Bonds, and in consideration of the premises, the acceptance by the Trustee of the trusts created by this Indenture, the purchase and acceptance of the Series 2017 Bonds by the owners thereof, the Issuer hereby transfers in trust, pledges and assigns to the Trustee, and hereby grants a security interest to the Trustee in, the property described in paragraphs (a), (b) and (c) below (said property referred to herein as the "Trust Estate"):

- (a) All Appropriated Moneys;
- (b) All moneys and securities (except moneys and securities held in the Rebate Fund) from time to time held by the Trustee under the terms of this Indenture; and
- (c) Any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under this Indenture by the Issuer or by anyone in its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

The Trustee shall hold in trust and administer the Trust Estate, upon the terms and conditions set forth in this Indenture for the equal and pro rata benefit and security of each and every owner of Series 2017 Bonds, without preference, priority or distinction as to participation in the lien, benefit and protection of this Indenture of one Series 2017 Bond over or from the others, except as otherwise expressly provided herein.

NOW, THEREFORE, the Issuer covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective owners of the Series 2017 Bonds, that all Series 2017 Bonds are to be issued, authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the further covenants, conditions and trusts hereinafter set forth, as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 101. Definitions of Words and Terms.

For all purposes of this Indenture, except as otherwise provided or unless the context otherwise requires, the following words and terms used in this Indenture shall have the following meanings:

“*Appropriated Moneys*” means moneys of the Issuer which have been annually appropriated by the Issuer to pay the principal of and interest due on the Bonds and other payments described in the Indenture.

“*Bond Issuance Date*,” for the Series 2017A Bonds and the Series 2017B Bonds means March 23, 2017.

“*Bondowner*,” “*Owner*,” “*Bondholder*” or “*Holder*” means, as of any time, the registered owner of any Series 2017 Bond as shown in the register kept by the Trustee as bond registrar.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement between the Issuer and the Original Purchaser of the Series 2017 Bonds.

“*Bonds*” has the meaning set forth under the definition of the Series 2017 Bonds.

“*Business Day*” means a day, other than a Saturday or Sunday, on which the Trustee and any Paying Agent shall be scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

“*Cede & Co.*” means Cede & Co., as nominee of The Depository Trust Company, New York, New York.

“*City*” means the City of Kansas City, Missouri.

“*Continuing Disclosure Undertaking*” means the Continuing Disclosure Undertaking dated as of March 1, 2017, of the Issuer, as from time to time amended in accordance with the provisions thereof.

“*Costs of Issuance*” means issuance costs with respect to the Series 2017 Bonds described in Section 147(g) of the Internal Revenue Code, including but not limited to the following:

- (a) underwriters’ spread (whether realized directly or derived through purchase of Bonds at a discount below the price at which they are expected to be sold to the public);
- (b) counsel fees (including bond counsel, underwriter’s counsel, disclosure counsel, Issuer’s counsel, as well as any other specialized counsel fees incurred in connection with the borrowing);
- (c) financial advisor fees of any financial advisor to the Issuer incurred in connection with the issuance of the Series 2017 Bonds;
- (d) rating agency fees;
- (e) trustee, escrow agent and paying agent fees;
- (f) accountant fees and other expenses related to issuance of the Series 2017 Bonds;
- (g) printing costs (for the Series 2017 Bonds and of the preliminary and final Official Statement relating to the Series 2017 Bonds); and
- (h) other fees and expenses of the Issuer incurred in connection with the issuance of the Series 2017 Bonds.

“*Costs of Issuance Fund*” means the fund by that name created by **Section 401** of this Indenture.

“*Debt Service Fund*” means individually or collectively, the Series 2017A Debt Service Fund and the Series 2017B Debt Service Fund.

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

“*Defeasance Obligations*” means:

- (a) Government Obligations which are not subject to redemption prior to maturity; or
- (b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations); or
- (c) Pre-refunded municipal obligations meeting the requirements of paragraph (g) of the definition of Permitted Investments; or
- (d) Obligations issued by the following agencies which are backed by the full faith and credit of the United States: (i) U.S. Export-Import Bank (Eximbank), Direct obligations or fully guaranteed certificates of beneficial ownership; (ii) Farmers Home Administration (FmHA), Certificates of beneficial ownership; (iii) Federal Financing Bank; (iv) General Services Administration, Participation certificates; (iv) U.S. Maritime Administration, Guaranteed Title XI financing; (v) U.S. Department of Housing and Urban Development (HUD), Project Notes, Local Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

“*Event of Default*” means any event of default as defined in **Section 701** hereof.

“*Event of Nonappropriation*” means failure of the Issuer to budget and appropriate on or before the last day of any Fiscal Year moneys sufficient to pay the debt service payments and additional amounts due under this Indenture and payable during the next Fiscal Year.

“*Fiscal Year*” means the Issuer’s fiscal year, which is currently May 1 to April 30, or as it may be hereinafter defined by the Issuer.

“*General City Project*” means a Project designated by the Issuer pursuant to **Section 406(b)** hereof.

“*Government Obligations*” means 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.

“*Indenture*” means the Trust Indenture, dated as of March 1, 2017, between the Issuer and the Trustee, which authorizes the issuance of the Issuer’s Series 2017A Bonds and Series 2017B Bonds, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of the Indenture.

“*Internal Revenue Code*” means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) thereunder and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

“*Issuer*” means the City of Kansas City, Missouri, a constitutional charter city and political subdivision of the State of Missouri and its successors and assigns.

“*Issuer Representative*” means the City Manager, the Director of Finance, the City Treasurer or any such other person at the time designated to act on behalf of the Issuer as evidenced by a written certificate furnished by the Issuer to the Trustee containing the specimen signature of such person and signed on behalf of the Issuer by the Director of Finance. References to each Issuer Representative shall include any person designated as serving in an acting capacity. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Issuer Representative.

“*Linwood Cooperative Agreement*” means any Cooperative Agreement between the Issuer and the Tax Agreement Financing Commission of Kansas City, Missouri relating to the Linwood Project.

“*Linwood Debt Service Account*” means the account by that name created in the Series 2017A Debt Service Fund pursuant to the Indenture.

“*Linwood Debt Service Portion*,” means upon the issuance of the Series 2017A Bonds, that portion of the debt service on the Series 2017A Bonds allocable to the financing of the Linwood Project and related costs of issuance of the Series 2017A Bonds as set forth in Exhibit E-1 to this Indenture.

“*Linwood Project*” means certain public improvements described by the Linwood Shopping Center Tax Increment Financing Plan.

“*Linwood Project Account*” means the account by that name created in the Series 2017A Project Fund pursuant to the Indenture.

“*Linwood Project Portion*” means that portion of the Series 2017A Bonds that finances the Linwood Project.

“*Moody’s*” means Moody’s Investors Service, Inc., and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, by notice to the Trustee.

“*Officer’s Certificate*” means a written certificate in the form described in **Section 1104** hereof of the Issuer signed by the Issuer Representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, the Issuer with respect to matters set forth therein.

“*Opinion of Co-Bond Counsel*” means a written opinion in the form described in **Section 1104** hereof of any legal counsel acceptable to the Issuer and the Trustee who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

“*Opinion of Counsel*” means a written opinion in the form described in **Section 1104** hereof of any legal counsel acceptable to the Trustee, who may be an employee of or counsel to the Trustee or the Issuer.

“*Original Purchaser*” means J.P. Morgan Securities LLC, as representative of the underwriters listed in the Bond Purchase Agreement.

“*Outstanding*” means when used with respect to Series 2017 Bonds, as of the date of determination, all Series 2017 Bonds theretofore authenticated and delivered under this Indenture, except:

(a) Series 2017 Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in **Section 209** of this Indenture;

(b) Series 2017 Bonds for whose payment or redemption money or Government Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the owners of such Series 2017 Bonds as provided in **Section 1001** of this Indenture, provided that, if such Series 2017 Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(c) Series 2017 Bonds in exchange for or in lieu of which other Series 2017 Bonds have been authenticated and delivered under this Indenture; and

(d) Series 2017 Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in **Section 208** of this Indenture.

“*Participants*” means those financial institutions for which the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“*Paying Agent*” means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to this Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Series 2017 Bonds shall be payable.

“*Payment Date*” means any date on which the principal of or interest on any Series 2017 Bonds is payable.

“*Permitted Investments*” means any of the following securities, if and to the extent the same are at the time legal for investment of the moneys held in the funds and accounts listed in the Indenture:

1. United States Treasury Securities (Bills, Notes, Bonds and Strips).

2. United States Agency/GSE Securities. The Issuer may invest in obligations issued or guaranteed by any agency of the United States Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable market value that are described as follows:

(a) U.S. Government Agency Coupon and Zero Coupon Securities.

(b) U.S. Government Agency Discount Notes.

(c) U.S. Government Agency Callable Securities. Restricted to securities callable at par only.

(d) U.S. Government Agency Step-Up Securities. The coupon rate is fixed for an initial term. At the step-up date, the coupon rate rises to a new, higher fixed interest rate.

(e) U.S. Government Agency Floating Rate Securities. Restricted to coupons with no interim caps that reset at least quarterly and that float off of only one index.

(f) U.S. Government Agency/GSE Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than five (5) years when analyzed in a +300 basis point interest rate environment.

3. Repurchase Agreements. The Issuer may invest in contractual agreements between the Issuer and commercial banks or primary government securities dealers. The Securities Industry & Financial Markets Association's (or any successor's) guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions as more fully described in the Issuer's investment policy. All repurchase agreement transactions will be either physical delivery or tri-party.

4. Bankers' Acceptances. The Issuer may invest in bankers' acceptances issued by domestic commercial banks possessing the highest credit rating issued by Moody's or S&P.

5. Commercial Paper. The Issuer may invest in commercial paper issued by domestic corporations, which has received the highest short-term credit rating issued by Moody's or S&P. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars (\$500,000,000) and are not listed on Credit Watch with negative implications by any nationally recognized credit rating agency at the time of purchase.

6. Municipal Securities (State and Local Government Obligations). The Issuer may invest in municipal obligations that are issued in either tax-exempt or taxable form.

(a) Any full faith and credit obligations of the State of Missouri rated at least A or A2 by S&P or Moody's.

(b) Any full faith and credit obligations of any city, county or school district in the State of Missouri rated at least AA or Aa2 by S&P or Moody's.

(c) Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least A or A2 by S&P or Moody's.

(d) Any full faith and credit obligation of any state or territory of the United States of America rated at least AA or Aa2 by S&P or Moody's.

(e) Any full faith and credit obligations of any city, county or school district in any state or territory of the United States of America rated AAA or Aaa by S&P or Moody's.

(f) Any revenue bonds issued by the Missouri Department of Transportation rated at least AA or Aa2 by S&P or Moody's.

(g) Any municipal obligation that is pre-refunded or escrowed to maturity as to both principal and interest with escrow securities that are fully guaranteed by the United States Government, without regard to rating by S&P or Moody's.

7. Money Market Mutual Funds. Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, rated in either of the two highest categories by Moody's and S&P (in either case without regard to any modifier).

8. Other. Such other investments not described above that are allowed pursuant to Missouri law and approved in the Charter.

References to particular ratings and rating categories in this definition are applicable only at the time of purchase of the Permitted Investments.

"*Person*" means any natural person, firm, association, corporation, partnership, limited liability company, joint stock company, a joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

"*Rating Agency*" means Moody's or S&P or any other nationally recognized securities rating service.

"*Rebate Fund*" means the fund by that name created for the Series 2017B Bonds by the Indenture.

"*Record Date*" means the 15th day (whether or not a Business Day) of the calendar month next preceding the month in which an interest payment on any Bond is to be made.

"*Refunded Series 2014D Bonds*" means \$1,504,000 principal amount of the currently Outstanding Special Obligation Bond Anticipation Bonds (Streetcar System Expansion Project) Series 2014D of the Issuer.

"*Refunding Fund*" means the fund by that name created by **Section 401** of this Indenture.

"*Replacement Bonds*" means Bonds issued to the beneficial owners of the Series 2017 Bonds in accordance with **Section 210** hereof.

"*Securities Depository*" means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

"*Series 2017 Bonds*" or the "*Bonds*" means, collectively, the Series 2017A Bonds and the Series 2017B Bonds.

"*Series 2017 Project Fund*" means the fund by that name created by **Section 401** of this Indenture.

"*Series 2017A Bonds*" means the series of Taxable Special Obligation Bonds (Kansas City, Missouri, Projects), Series 2017A, aggregating the principal amount of \$31,610,000.

"*Series 2017A Costs of Issuance Account*" means the account by that name in the Costs of Issuance Fund established in **Section 401** of this Indenture.

"*Series 2017A Debt Service Fund*" means the fund by that name created by **Section 401** of this Indenture.

“*Series 2017A Project*” means the costs of any Series 2017A Project listed on Schedule I attached hereto and, collectively, means the costs of certain capital improvements and other projects including, but not limited to the projects listed on Schedule I to this Indenture.

“*Series 2017A Projects Account*” means the account by that name created in the Series 2017 Project Fund pursuant to **Section 401** of this Indenture.

“*Series 2017B Bonds*” means the series of Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B, aggregating the principal amount of \$19,185,000.

“*Series 2017B Costs of Issuance Account*” means the account by that name in the Costs of Issuance Fund established in **Section 401** of this Indenture.

“*Series 2017B Debt Service Fund*” means the fund by that name created by **Section 401** of this Indenture.

“*Series 2017B Project*” means the costs of any Series 2017B Project listed on Schedule II attached hereto and, collectively, means the costs of certain capital improvements and other projects including, but not limited to the projects listed on Schedule II to this Indenture.

“*Series 2017B Projects Account*” means the account by that name created in the Series 2017 Project Fund pursuant to **Section 401** of this Indenture.

“*S&P*” means S&P Global Ratings, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, S&P shall be deemed to refer to any other nationally recognized securities rating service designated by the Issuer, with notice to the Trustee.

“*Supplemental Indenture*” means any indenture supplemental or amendatory to this Indenture entered into by the Issuer and the Trustee pursuant to **Article IX** of this Indenture.

“*Tax Compliance Agreement*” means the Tax Compliance Agreement between the Issuer and the Trustee relating to the Series 2017B Bonds.

“*Transaction Documents*” means this Indenture, the Series 2017 Bonds, the Official Statement relating to the Series 2017 Bonds, the Continuing Disclosure Undertaking, the Bond Purchase Agreement, the Tax Compliance Agreement and any and all other documents or instruments that evidence or are a part of the transactions referred to in this Indenture, or the Official Statement, or contemplated by this Indenture or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Transaction Documents” are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

“*Trust Estate*” means the Trust Estate described in the Granting Clauses of this Indenture.

“*Trustee*” means UMB Bank, N.A., Kansas City, Missouri, in its capacity as Trustee hereunder, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to and at the time serving as trustee under this Indenture.

Section 102. Rules of Construction.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction apply in construing the provisions of this Indenture:

- (a) The terms defined in this Article include the plural as well as the singular.
- (b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles.
- (c) All references herein to “generally accepted accounting principles” refer to such principles in effect on the date of the determination, certification, computation or other action to be taken hereunder using or involving such terms.
- (d) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to be the designated Articles, Sections and other subdivisions of this instrument as originally executed.
- (e) The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.
- (f) The Article and section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.
- (g) Whenever an item or items are listed after the word “including,” such listing is not intended to be a listing that excludes items not listed.

ARTICLE II

THE SERIES 2017 BONDS

Section 201. Authorization, Amount and Title of Bonds.

No Bonds may be issued under this Indenture except in accordance with the provisions of this Article. The total principal amount of Bonds and number of series of Bonds that may be issued under this Indenture is expressly limited to the Series 2017 Bonds as provided in **Section 202** hereof.

Section 202. Authorization of Series 2017 Bonds.

There shall be issued under and secured by this Indenture two series of Bonds in the aggregate principal amount of \$31,610,000 Taxable Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017A and \$19,185,000 Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B (collectively, the “Series 2017 Bonds”). The proceeds of the Series 2017A Bonds will be used to provide funds (a) to acquire, construct, reconstruct and/or improve certain projects within the City (b) to fund a debt service reserve fund for the Kansas City Municipal Assistance Corporation Tax-Exempt Leasehold Improvement Revenue Bonds (H. Roe Bartle Convention Center and Infrastructure Project) Series 2004B-1 (c) to pay capitalized interest on the portion of the Series 2017A Bonds which finances the Linwood Project Portion of the Series 2017A Bonds and (d) to pay certain costs related to the issuance of the Series 2017A Bonds. The proceeds of the Series 2017B Bonds will be used to provide funds (a) to acquire, construct, reconstruct and/or improve certain projects within the City and to refinance the Crisis Center Project by refunding the Refunded Series 2014D Bonds, as defined herein and (b) to pay certain costs related to the issuance of the Series 2017B Bonds.

The Series 2017 Bonds shall bear interest at the rates and mature in principal amounts set forth below:

Series 2017A Serial Bonds

Maturity October 1,	Principal Amount	Interest Rate	Maturity October 1,	Principal Amount	Interest Rate
2017	\$375,000	1.375%	2025	1,120,000	3.610%
2018	915,000	1.923	2026	1,165,000	3.740
2019	930,000	2.104	2027	1,205,000	3.860
2020	955,000	2.567	2028	1,250,000	4.050
2021	980,000	2.808	2029	1,305,000	4.150
2022	1,010,000	3.038	2030	1,365,000	4.250
2023	1,045,000	3.287	2031	1,425,000	4.350
2024	1,080,000	3.487	2032	8,270,000	4.380

Series 2017A Term Bonds

Maturity October 1,	Principal Amount	Interest Rate
2039	\$7,215,000	4.625%

Series 2017B Serial Bonds

Maturity October 1,	Principal Amount	Interest Rate	Maturity October 1,	Principal Amount	Interest Rate
2017	\$2,105,000	5.000%	2026	575,000	5.000
2018	2,225,000	5.000	2027	\$600,000	5.000
2019	2,345,000	5.000	2028	630,000	4.000
2020	1,935,000	5.000	2029	655,000	4.000
2021	1,565,000	5.000	2030	685,000	4.000
2022	1,645,000	5.000	2031	710,000	3.500
2023	510,000	3.000	2032	355,000	3.625
2024	525,000	4.000	2033	370,000	3.750
2025	550,000	4.000	2034	385,000	3.875

Series 2017B Term Bonds

Maturity October 1,	Principal Amount	Interest Rate
2036	\$815,000	3.875%

The Series 2017 Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their dated date or from the most recent Payment Date to which interest has been paid or duly provided for, payable on April 1 and October 1 of each year, beginning on October 1, 2017.

The Series 2017 Bonds shall be executed in the manner set forth herein and delivered to the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of the Series 2017 Bonds by the Trustee the following documents shall be filed with the Trustee:

(a) A copy, certified by the City Clerk of the Issuer, of the Ordinance passed by the Issuer authorizing the issuance of the Series 2017 Bonds and the execution of this Indenture and any other Transaction Documents to which it is a party.

(b) An original executed counterpart of this Indenture and other Transaction Documents.

(c) A request and authorization to the Trustee on behalf of the Issuer, executed by the Issuer Representative, to authenticate the Series 2017 Bonds and deliver said Bonds to the purchasers therein identified upon payment to the Trustee, for the account of the Issuer, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amounts of such purchase price.

(d) Opinions of Co-Bond Counsel relating to each series of Bonds, dated the Bond Issuance Date.

(e) Such other certificates, statements, opinions, receipts and documents required by any of the Transaction Documents or as Co-Bond Counsel or the Trustee or counsel shall reasonably require for the delivery of the Series 2017 Bonds.

When the documents specified above have been filed with the Trustee, and when the Series 2017 Bonds shall have been executed and authenticated as required by this Indenture, the Trustee shall deliver the Series 2017 Bonds to or upon the order of the Original Purchaser thereof, but only upon payment to the Trustee of the purchase price of the Series 2017 Bonds. The proceeds of the sale of the Series 2017 Bonds, including accrued interest and premium thereon, if any, shall be immediately paid over to the Trustee, and the Trustee shall deposit and apply such proceeds as provided in **Article IV** hereof.

Section 203. Method and Place of Payment.

The principal of, redemption premium, if any, and interest on the Series 2017 Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

The principal of and the redemption premium, if any, on all Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond register maintained by the Trustee at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the principal corporate trust office of the Trustee or of any Paying Agent named in the Series 2017 Bonds.

The interest payable on each Bond on any Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond register at the close of business on the Record Date for such interest, (a) by check or draft mailed to such registered owner at such owner's address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such owner, or

(b) at the written request addressed to the Trustee by any owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to such owner upon written notice to the Trustee from such owner containing the electronic transfer instructions (which shall be in the continental United States) to which such owner wishes to have such transfer directed and such written notice is given by such owner to the Trustee not less than 15 days prior to the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Interest on any Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the owner of such Bond on the relevant Record Date and shall be payable to the owner in whose name such Bond is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the owners of the Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds, the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each owner of a Bond entitled to such notice at the address of such owner as it appears on the bond register not less than 10 days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 204. Form, Denomination, Numbering and Dating.

The Bonds of each series issued under this Indenture shall be issuable as fully registered bonds without coupons in substantially the form set forth in **Exhibit A** attached to this Indenture, in each case with such necessary or appropriate variations, omissions and insertions as are permitted or required by this Indenture or any Supplemental Indenture. The Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any custom, usage or requirement of law with respect thereto.

The Bonds shall be issuable in the denomination of \$5,000 or any integral multiple thereof. In the absence of any such provision with respect to the Bonds of any particular series, the Bonds of such series shall be of the denominations of \$5,000 and any integral multiple thereof.

The Bonds of each series shall be numbered from R-1 consecutively upward in order of issuance or in such other manner as the Trustee shall designate. In the absence of any such provision with respect to the Bonds of any particular series, the Bonds of such series shall be numbered R-1 and upward or in such other manner as the Trustee shall designate.

The Series 2017 Bonds shall be dated as provided in **Section 202** of this Indenture. In the absence of any such provision with respect to the Bonds of any particular series, the Bonds of such series shall be dated the date of their original authentication and delivery.

Section 205. Execution and Authentication.

The Series 2017 Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, and shall have the seal of the Issuer affixed thereto or imprinted thereon. If any officer whose manual or facsimile signature appears on any Bonds shall cease to hold such office before the authentication and delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such person had remained in office until delivery. Any Bond may be signed by such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

No Bond shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form provided for in **Exhibit A** hereto, executed by the Trustee by manual signature of an authorized officer or signatory of the Trustee, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly authenticated and delivered hereunder. At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Bonds executed by the Issuer to the Trustee for authentication and the Trustee shall authenticate and deliver such Bonds as in this Indenture provided and not otherwise.

Section 206. Registration, Transfer and Exchange.

The Trustee shall cause to be kept at its principal corporate trust office a register (referred to herein as the “bond register”) in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration, transfer and exchange of Bonds as herein provided. The Trustee is hereby appointed “bond registrar” for the purpose of registering Bonds and transfers of Bonds as herein provided.

Bonds may be transferred or exchanged only upon the bond register maintained by the Trustee as provided in this Section. Upon surrender for transfer or exchange of any Bond at the principal corporate trust office of the Trustee, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same maturity, of any authorized denominations and of a like aggregate principal amount.

Every Bond presented or surrendered for transfer or exchange shall (if so required by the Issuer or the Trustee, as bond registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Trustee, as bond registrar, duly executed by the owner thereof or such owner’s attorney or legal representative duly authorized in writing.

All Bonds surrendered upon any exchange or transfer provided for in this Indenture shall be promptly cancelled by the Trustee and thereafter disposed of as required by applicable law.

All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such transfer or exchange.

No service charge shall be made for any registration, transfer or exchange of Bonds, but the Trustee or Securities Depository may require payment of a sum sufficient to cover any tax or other governmental

charge that may be imposed in connection with any transfer or exchange of Bonds, and such charge shall be paid before any such new Bond shall be delivered. The fees and charges of the Trustee for making any transfer or exchange and the expense of any bond printing necessary to effect any such transfer or exchange shall be paid by the Issuer. In the event any registered owner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may impose a charge against such registered owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Internal Revenue Code, such amount may be deducted by the Trustee from amounts otherwise payable to such registered owner hereunder or under the Series 2017 Bonds.

The Trustee shall not be required (a) to transfer or exchange any Bond during a period beginning at the opening of business 15 days before the day of the first publication or the mailing (if there is no publication) of a notice of redemption of such Bond and ending at the close of business on the day of such publication or mailing, or (b) to transfer or exchange any Bond so selected for redemption in whole or in part, during a period beginning at the opening of business on any Record Date for such series of Bonds and ending at the close of business on the relevant interest payment date therefor.

The Person in whose name any Bond shall be registered on the bond register shall be deemed and regarded as the absolute owner thereof for all purposes, except as otherwise provided in this Indenture, and payment of or on account of the principal of and premium, if any, and interest on any such Bond shall be made only to or upon the order of the registered owner thereof or such owner's legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Trustee will keep on file at its principal corporate trust office a list of the names and addresses of the last known owners of all Bonds and the serial numbers of such Bonds held by each of such owners. At reasonable times and under reasonable regulations established by the Trustee, the list may be inspected and copied by the Issuer, or the owners of 10% or more in principal amount of Bonds Outstanding or the authorized representative thereof, provided that the ownership of such owner and the authority of any such designated representative shall be evidenced to the satisfaction of the Trustee.

Section 207. Temporary Bonds.

Pending the preparation of definitive Bonds, the Issuer may execute, and upon request of the Issuer the Trustee shall authenticate and deliver, temporary Bonds which are printed, lithographed, typewritten, or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are issued, with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Bonds may determine, as evidenced by their execution of such Bonds. If temporary Bonds are issued, the Issuer will cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds at the principal corporate trust office of the Trustee, without charge to the owner. Upon surrender for cancellation of any one or more temporary Bonds, the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Bonds of authorized denominations. Until so exchanged, temporary Outstanding Bonds shall in all respects be entitled to the security and benefits of this Indenture.

Section 208. Mutilated, Destroyed, Lost and Stolen Bonds.

If (a) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Issuer and the Trustee such security or indemnity as may be required by the Trustee to save the Trustee and the Issuer harmless, then, in the absence of notice to the Trustee that such Bond has been acquired by a bona fide

purchaser, the Issuer shall execute and upon its request the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond under this Section, the Issuer and the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

Every new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond, shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Indenture equally and ratably with all other Outstanding Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

Section 209. Cancellation of Bonds.

All Bonds surrendered for payment, redemption, transfer, exchange or replacement, if surrendered to the Trustee, shall be promptly cancelled by the Trustee, and, if surrendered to any Paying Agent other than the Trustee, shall be delivered to the Trustee and, if not already cancelled, shall be promptly cancelled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any Bonds previously authenticated and delivered hereunder, which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Trustee. No Bond shall be authenticated in lieu of or in exchange for any Bond cancelled as provided in this Section, except as expressly provided by this Indenture. All cancelled Bonds held by the Trustee shall be disposed of in accordance with applicable law.

Section 210. Book-Entry Bonds; Securities Depository.

The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no beneficial owner will receive certificates representing their respective interests in the Bonds, except in the event the Trustee issues Replacement Bonds as provided in this Section. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Trustee authenticates and delivers Replacement Bonds to the beneficial owners as described in this Section. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of the Securities Depository, the Trustee and the Issuer may treat the Securities Depository (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, giving any notice permitted or required to be given to Owners of Bonds under this Indenture, registering the transfer of Bonds, and all notices required to be given to Owners of Bonds may be sent by electronic means.

If the Issuer determines (a)(i) that the Securities Depository is unable to properly discharge its responsibilities, or (ii) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (iii) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any bondowner other than the Securities Depository is no longer in the best interests of the beneficial owners of the Bonds, or (b) if the Trustee receives written notice from Participants having interests in not less than 50% of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the

Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any bondowner other than the Securities Depository is no longer in the best interests of the beneficial owners of the Bonds, then the Trustee shall notify the bondowners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Trustee shall register in the name of and authenticate and deliver Replacement Bonds to the beneficial owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(i) or (a)(ii) of this paragraph, the Issuer, with the consent of the Trustee, may select a successor Securities Depository in accordance with the following paragraph to effect book-entry transfers. In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the Issuer, the Trustee or bondowners are unable to locate a qualified successor of the Securities Depository in accordance with the following paragraph, then the Trustee shall authenticate and cause delivery of Replacement Bonds to bondowners, as provided herein. The Trustee may rely on information from the Securities Depository and its Participants as to the names, addresses and principal amounts held of the beneficial owners of the Bonds. The cost of printing, registration, authentication, payment, transfer and delivery of Replacement Bonds shall be paid for by the Issuer.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Trustee upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption of Bonds Generally.

The Series 2017 Bonds are subject to redemption prior to maturity in accordance with their terms and the terms and provisions set forth in this Article.

Section 302. Redemption of Series 2017 Bonds.

The Series 2017 Bonds are subject to optional redemption as follows:

(a) *Optional Redemption.*

(i) **Series 2017A Bonds.** The Series 2017A Bonds maturing on October 1, 2028, and thereafter are subject to redemption and payment prior to maturity at the option of the Issuer on and after October 1, 2027, as a whole or in part at any time from maturities selected by the Issuer, at the redemption price equal to the principal amount thereof, plus accrued interest to the Redemption Date.

(ii) **Series 2017B Bonds.** The Series 2017B Bonds maturing on October 1, 2028, and thereafter are subject to redemption and payment prior to maturity at the option of the Issuer on and after October 1, 2027, as a whole or in part at any time from maturities selected by the Issuer, at the redemption price equal to the principal amount thereof, plus accrued interest to the Redemption Date.

(b) ***Mandatory Sinking Fund Redemption.***

Series 2017A Bonds. The Series 2017A Bonds maturing October 1, 2039, are subject to mandatory redemption on each October 1 beginning October 1, 2033, and shall be redeemed on the dates set forth below at 100% of the principal amount of the Series 2017A Bonds called for redemption plus interest accrued and unpaid to the date fixed for redemption, without premium:

Series 2017A Term Bond Maturing October 1, 2039

<u>Redemption Date</u>	<u>Principal Amount</u>
October 1, 2033	\$895,000
October 1, 2034	935,000
October 1, 2035	980,000
October 1, 2036	1,025,000
October 1, 2037	1,075,000
October 1, 2038	1,125,000
October 1, 2039*	1,180,000

* Final maturity.

Series 2017B Bonds. The Series 2017B Bonds maturing October 1, 2036, are subject to mandatory redemption on each October 1 beginning October 1, 2035, and shall be redeemed on the dates set forth below at 100% of the principal amount of the Series 2017B Bonds called for redemption plus interest accrued and unpaid to the date fixed for redemption, without premium:

Series 2017B Term Bond Maturing October 1, 2036

<u>Redemption Date</u>	<u>Principal Amount</u>
October 1, 2035	\$400,000
October 1, 2036*	415,000

* Final maturity.

Section 303. Election to Redeem; Notice to Trustee.

In case of any redemption at the election of the Issuer, the Issuer shall, at least 45 days prior to the redemption date fixed by the Issuer (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 Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of this Indenture pursuant to which such Bonds are to be called for redemption.

The foregoing provisions of this Section shall not apply in the case of any mandatory redemption of Bonds under this Indenture, 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 Issuer and whether or not the Trustee shall hold in the applicable Debt Service Fund moneys available and sufficient to effect the required redemption.

Section 304. Selection by Trustee of Bonds To Be Redeemed.

Bonds may be redeemed only in the principal amount of \$5,000 (or other authorized denomination of the Bonds of any series specified in the Supplemental Indenture authorizing such series of Bonds) or any integral multiple thereof.

If less than all Bonds of any maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Trustee from the Bonds of such maturity which have not previously been called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions equal to \$5,000 (or other minimum authorized denomination of the Bonds of such series) of the principal of Bonds of a denomination larger than \$5,000 (or such other minimum authorized denomination).

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

Section 305. Notice of Redemption.

Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Trustee on behalf of the Issuer 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 Bonds to be redeemed at the address shown on the bond register.

All official notices of redemption shall be dated and shall state:

- (a) the redemption date;
- (b) the redemption price;
- (c) the principal amount of Bonds of the series to be redeemed and, if less than all Bonds of a maturity of a series are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts, numbers and maturity dates) of the Bonds to be redeemed;
- (d) 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
- (e) the place where the 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 Bonds to receive notice given as provided in this Section, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any owner receives such notice.

In addition to the foregoing notice, further notice shall be given by the Trustee on behalf of the Issuer at least two days before the date of mailing of such notice (i) to the registered owners by registered or certified mail or overnight delivery service, (ii) to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and (iii) to one or more national information services that disseminate notices of redemption of obligations such as the Bonds. Each further notice of redemption given shall contain the information required above for an official notice of redemption plus (a) the CUSIP numbers of all Bonds being redeemed; (b) the date of issue of the Bonds as originally issued; (c) the rate of interest borne by each Bond being redeemed; (d) the maturity date of each Bond being redeemed; and (e) any other descriptive information needed to identify accurately the Bonds being redeemed. No defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

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

With respect to optional redemptions, such notice may be conditioned upon moneys being on deposit with the Paying Agent on or prior to the redemption date in an amount sufficient to pay the redemption price on the redemption date.

Section 306. Deposit of Redemption Price.

On or before any redemption date, the Issuer shall deposit with the Trustee or with a Paying Agent, an amount of money sufficient to pay the redemption price of all the Bonds which are to be redeemed on that date. Such money shall be held in trust for the benefit of the Persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

Section 307. Bonds Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the 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 Issuer 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 Issuer at the redemption price. Installments of interest with a due date on or prior to the redemption date shall be payable to the owners of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds and the provisions of **Section 202**.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear or have enclosed the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, or as otherwise provided under **Section 308** in lieu of surrender, the principal (and premium, if any) shall, until paid, bear interest from the redemption date at the rate prescribed therefor in the Bond.

Section 308. Bonds Redeemed in Part.

Any Bond which is to be redeemed only in part shall be surrendered at the place of payment therefor, and the Issuer shall execute and the Trustee shall authenticate and deliver to the owner of such Bond, without service charge, a new Bond or Bonds of the same series and maturity of any authorized denomination or denominations as requested by such owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered. If the owner of any such Bond shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, said Bond shall, nevertheless, become due and payable on the redemption date to the extent of the \$5,000 (or other denomination) unit or units of principal amount called for redemption (and to that extent only).

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

ARTICLE IV

**FUNDS AND ACCOUNTS AND APPLICATION OF BOND PROCEEDS
AND OTHER MONEYS**

Section 401. Creation and Ratification of Funds and Accounts.

There are hereby created and ordered to be established and/or ratified in the custody of the Trustee the following special trust funds in the name of the Issuer to be designated as follows:

- (a) Costs of Issuance Fund, including a Series 2017A Costs of Issuance Account and a Series 2017B Costs of Issuance Account.
- (b) Series 2017A Debt Service Fund, and within such Fund a Series 2017A Capitalized Interest Account and a Linwood Debt Service Account.
- (c) Series 2017B Debt Service Fund,
- (d) Series 2017 Project Fund, including a Series 2017A Projects Account, a Linwood Project Account and a Series 2017B Projects Account.
- (e) Refunding Fund.
- (f) Rebate Fund for the Series 2017B Bonds.

The Trustee is authorized to establish separate accounts within such funds or otherwise segregate moneys within such funds, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient, or as the Trustee shall be instructed by the Issuer.

Section 402. Deposit of Bond Proceeds and Other Moneys.

(a) **Series 2017A Bonds.** The net proceeds from the sale of the Series 2017A Bonds, \$31,470,805.39 (representing \$31,610,000 principal amount less Original Purchaser's discount of \$139,194.61), shall be deposited or applied simultaneously with the delivery of the Series 2017A Bonds, as follows:

(i) The sum of \$177,531.06 of the proceeds of the Series 2017A Bonds shall be deposited into the Series 2017A Costs of Issuance Account of the Costs of Issuance Fund.

(ii) The sum of \$7,000,000 of the proceeds of the Series 2017A Bonds shall be deposited into the Series 2017A Projects Account of the Project Fund.

(iii) The sum of \$16,250,000 of the proceeds of the Series 2017B Bonds shall be deposited into the Linwood Project Account of the Project Fund.

(iv) The sum of \$701,170.23 of the proceeds of the Series 2017A Bonds shall be deposited into the Series 2017A Capitalized Interest Account of the Series 2017A Debt Service Fund.

(v) The sum of \$7,342,104.10 of the proceeds of the Series 2017A Bonds shall be deposited in the Refunding Fund and then transferred to the Trustee for the Kansas City Municipal Assistance Corporation Tax-Exempt Leasehold Improvement Revenue Bonds (H. Roe Bartle Convention Center and Infrastructure Project) Series 2004B-1.

(b) **Series 2017B Bonds.** The net proceeds from the sale of the Series 2017B Bonds, \$20,466,190.22, representing \$19,185,000, plus original issue premium of \$1,395,426.30, less original issue discount of \$53,148.00, less Original Purchaser's discount of \$61,088.08), shall be deposited or applied simultaneously with the delivery of the Series 2017B Bonds, as follows:

(i) The sum of \$144,550.39 of the proceeds of the Series 2017B Bonds shall be deposited into the Series 2017B Costs of Issuance Account of the Costs of Issuance Fund.

(ii) The sum of \$18,801,937 of the proceeds of the Series 2017B Bonds shall be deposited into the Series 2017B Projects Account of the Project Fund.

(iii) The sum of \$1,509,702.83 of the proceeds of the Series 2017B Bonds shall be deposited into the Refunding Fund and thereupon transferred to the Paying Agent for the Series 2014D Bonds to be applied to pay and redeem the Refunded Series 2014D Bonds.

(iv) There shall be paid to the Trustee and deposited in the Rebate Fund an amount equal to \$10,000 of the proceeds of the Series 2017B Bonds, to be applied to the cost of rebate calculations; provided that if such funds are not needed for such purpose in whole or in part, such funds shall be transferred to the Series 2017B Debt Service Fund.

Any amounts deposited into the Refunding Fund pursuant to this **Section 402(c)** and not required to pay principal and interest on the Refunded Series 2014D Bonds shall be returned to the Issuer.

Section 403. Costs of Issuance Fund.

The moneys on deposit in the Series 2017A Costs of Issuance Account and the Series 2017B Costs of Issuance Account shall be disbursed by the Trustee from time to time, upon receipt of written disbursement requests of the Issuer in substantially the form of **Exhibit B** hereto and signed by the Issuer Representative, in amounts equal to the amount of Costs of Issuance certified in such written requests. At such time as the Trustee is furnished with an Officer's Certificate from the Issuer stating that all Costs of Issuance have been paid, and in any case not later than six months from the date of original issuance of the Series 2017 Bonds, unless waived by the Issuer, the Trustee shall transfer any moneys remaining in the applicable Costs of Issuance Account to the corresponding Project Fund, or, if directed by the Issuer, to the corresponding Debt Service Fund in such amount as directed by the Issuer. The execution of any disbursement request by an Issuer Representative shall constitute an irrevocable determination that all conditions precedent to the payments requested have been completed.

Section 404. Disbursements from the Series 2017A Projects Account and Linwood Project Account of the Project Fund.

(a) The Trustee is hereby authorized and directed to make each disbursement from the Series 2017A Projects Account or Linwood Project Account of the Project Fund, upon submission of a disbursement request substantially in the form of **Exhibit C-1** hereto, executed by the Issuer Representative. The execution of any disbursement request by an Issuer Representative shall constitute an irrevocable determination that all conditions precedent to the payments requested have been completed.

(b) Moneys in the Series 2017A Projects Account and Linwood Project Account of the Project Fund may be invested as provided in **Section 502**. The Trustee shall keep and maintain adequate records pertaining to the Series 2017A Projects Account and Linwood Project Account of the Project Fund and all receipts and disbursements therefrom, including records of all disbursement requests submitted pursuant to this Indenture. The Trustee shall furnish the City a monthly statement for each such account reflecting receipts and disbursements.

(c) Upon completion in its entirety of each listed Series 2017A Project and the Linwood Project as set forth on Schedule I hereto, the Issuer shall deliver to the Trustee within 90 days thereafter a Certificate of Completion in substantially the form attached hereto as **Exhibit D-1**. After a completion certificate has been filed with the Trustee, the Trustee shall, upon the written request of the Issuer, file an accounting thereof with the Issuer. At the written direction of the City, any amount remaining in the Series 2017A Projects Account of the Project Fund attributable to a completed Series 2017A Project, or any amount as otherwise directed by the City, shall be transferred to the Series 2017A Debt Service Fund and applied in the following order of priority: (1) to pay the next successive principal payment and accrued interest on the Series 2017A Bonds to become due and (2) to redeem Series 2017A Bonds at the earliest permissible date under this Indenture; excluding in each case the Linwood Project Portion. At the written direction of the City, any amount remaining in the Linwood Project Account of the Project Fund attributable to the completed Linwood Project, or any amount as otherwise directed by the City, shall be transferred to the Linwood Debt Service Account and applied in the following order of priority: (1) to pay the next successive Linwood Debt Service Portion and (2) to redeem the Linwood Project Portion at the earliest permissible date under this Indenture. The Trustee shall be entitled to rely conclusively on the statements of fact and certifications contained in any disbursement request or completion certificate furnished to the Trustee hereunder.

If an event of default specified in **Section 701** of this Indenture shall have occurred and the Bonds shall have been declared due and payable pursuant to **Section 702** of this Indenture, any balance remaining in the Series 2017A Projects Account of the Project Fund shall without further authorization be deposited in the Series 2017A Debt Service Fund by the Trustee.

(d) Amounts deposited in the Linwood Project Account shall be used only to pay or reimburse costs of the Linwood Project. Any balance remaining in the Linwood Project Account upon the completion of the Linwood Project shall upon written instructions by the Issuer be transferred to the Linwood Debt Service Account in the Debt Service Fund and used to pay the Linwood Debt Service Portion of the Series 2017A Bonds.

(e) **Designation of Additional Series 2017A Projects.** The Issuer may designate an additional project identified as a General City Project to be financed in whole or in part with proceeds of the Series 2017A Bonds, provided that the Issuer and the Trustee shall have first received an Opinion of Co-Bond Counsel, in a form acceptable to the Trustee, that use of proceeds of the Series 2017A Bonds for such General City Project is permitted under the terms of the Indenture. The Issuer shall notify the Trustee of any such designation. Upon such designation by the Issuer, the Trustee is authorized and directed to make disbursements from the Series 2017A Projects Account to be applied to the cost of such General City Project pursuant to the provisions of this **Section 404**.

Section 405. Disbursements from the Series 2017B Projects Account of the Project Fund.

(a) The Trustee is hereby authorized and directed to make each disbursement from the Series 2017B Projects Account of the Project Fund, upon submission of a disbursement request substantially in the form of **Exhibit C-2** hereto, executed by the Issuer Representative. The execution of any disbursement request by an Issuer Representative shall constitute an irrevocable determination that all conditions precedent to the payments requested have been completed.

(b) Moneys in the Series 2017B Projects Account of the Project Fund may be invested as provided in **Section 502**. The Trustee shall keep and maintain adequate records pertaining to the Series 2017B Projects Account of the Project Fund and all receipts and disbursements therefrom, including records of all disbursement requests submitted pursuant to this Indenture. After each disbursement from the Series 2017B Projects Account, the Trustee shall furnish the City a monthly statement for such account reflecting such disbursement.

(c) Upon completion in its entirety of each listed Series 2017B Project as set forth on Schedule II hereto, the Issuer shall deliver to the Trustee within 90 days thereafter a Certificate of Completion in substantially the form attached hereto as **Exhibit D-2**. After a completion certificate has been filed with the Trustee, the Trustee shall, upon the written request of the Issuer, file an accounting thereof with the Issuer. At the written direction of the City, any amount remaining in the Series 2017B Projects Account of the Project Fund attributable to a completed Series 2017B Project, or any amount as otherwise directed by the City, shall be transferred to the Series 2017B Debt Service Fund and applied in the following order of priority: (1) to pay the next successive principal payment and accrued interest on the Series 2017B Bonds to become due and (2) to redeem Series 2017B Bonds at the earliest permissible date under this Indenture. The Trustee shall be entitled to rely conclusively on the statements of fact and certifications contained in any disbursement request or completion certificate furnished to the Trustee hereunder. If an event of default specified in **Section 701** of this Indenture shall have occurred and the Bonds shall have been declared due and payable pursuant to **Section 702** of this Indenture, any balance remaining in the Series 2017B Projects Account of the Project Fund, other than amounts required to be transferred to the Rebate Fund pursuant to **Section 411** hereof, shall without further authorization be deposited in the Series 2017B Debt Service Fund by the Trustee.

(d) **Designation of Additional Series 2017B Projects.** The Issuer may designate an additional capital improvement identified as a General City Project to be financed in whole or in part with proceeds of the Series 2017B Bonds, provided that the Issuer and the Trustee shall have first received an Opinion of Co-Bond Counsel, in a form acceptable to the Trustee, that use of proceeds of the Series 2017B

Bonds for such project is permitted under the terms of the Indenture and shall not adversely affect the exclusion of interest on the Series 2017B Bonds for federal income tax purposes. The Issuer shall notify the Trustee of any such designation. Upon such designation by the Issuer, the Trustee is authorized and directed to make disbursements from the Series 2017B Projects Account to be applied to the cost of such General City Project pursuant to the provisions of this **Section 405**.

Section 406. Transfer of Appropriated Moneys by Issuer.

Subject to annual appropriation, not less than three (3) Business Day prior to each Payment Date, the Issuer shall transfer to the Trustee Appropriated Moneys sufficient to make the following deposits to the funds and accounts created under this Indenture and the Trustee shall deposit such Appropriated Moneys received from the Issuer as follows:

(a) *First*, for transfer to the Rebate Fund, an amount sufficient to pay rebate on the Series 2017B Bonds, if any, to the United States of America, owed under Section 148 of the Internal Revenue Code, as directed in writing by the Issuer in accordance with the Tax Compliance Agreement;

(b) *Second*, for transfer to the Series 2017A Debt Service Fund and the Series 2017B Debt Service Fund, an aggregate amount sufficient, taking into account amounts already on deposit therein, to pay the principal of and interest on the Series 2017 Bonds on the next succeeding Payment Date and, if so directed by the Issuer, to pay such amount of the principal of and interest due on the Bonds in the then-current Fiscal Year as the Issuer shall direct; and

(c) *Third*, for payment to the Trustee or any Paying Agent, an amount sufficient for payment of any fees and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the Issuer of an invoice for such amounts.

If the amount transferred by the Issuer shall be insufficient to make all such deposits, such Appropriated Moneys will be applied in such amounts and into such funds and accounts as directed by the Issuer.

Section 407. Series 2017A Debt Service Fund.

The Trustee shall deposit and credit to the Series 2017A Debt Service Fund, and as applicable to the Series 2017A Capitalized Interest Account therein, as and when received, as follows:

(a) The amounts required to be deposited therein under **Section 406** hereof.

(b) Interest earnings and other income on Permitted Investments required to be deposited in the Series 2017A Debt Service Fund pursuant to **Section 502** hereof.

(c) All other moneys received by the Trustee under and pursuant to any of the provisions of this Indenture or any other Transaction Document, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Series 2017A Debt Service Fund. Amounts provided to the Trustee pursuant to the Linwood Cooperative Agreement shall be kept separate and apart from other funds deposited pursuant to this **Section 407** and shall be deposited in the Linwood Debt Service Account and used exclusively to pay the Linwood Debt Service Portion of the Series 2017A Bonds.

The moneys in the Series 2017A Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of this Indenture to pay the principal of and redemption premium, if any, and interest on the Series 2017A Bonds as the same become due and payable. Except as otherwise provided herein, moneys in the Series 2017A Debt Service Fund shall be expended solely as follows: (i) to pay interest on the Series 2017A Bonds as the same becomes due; (ii) to pay principal of the Series 2017A Bonds as the same mature or become due and upon any mandatory sinking fund redemption thereof; and (iii) to pay principal of and accrued interest and redemption premium, if any, on the Series 2017A Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to maturity.

The Trustee is authorized and directed to withdraw sufficient funds from the Series 2017A Debt Service Fund to pay principal of, redemption premium, if any, and interest on the Series 2017A Bonds as the same become due and payable at maturity or upon redemption and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said principal, redemption premium, if any, and interest.

The Trustee, upon the written instructions from the Issuer, shall use excess moneys in the Series 2017A Debt Service Fund to redeem all or part of the Series 2017A Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the Issuer, in accordance with the provisions of **Article III** hereof, to the extent said moneys are in excess of the amount required for payment of Series 2017A Bonds theretofore matured or called for redemption. The Issuer may cause such excess money in the Series 2017A Debt Service Fund or such part thereof or other moneys of the Issuer, as the Issuer may direct, to be applied by the Trustee on a best efforts basis to the extent practical for the purchase of Series 2017A Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of, redemption premium, if any, and interest on the Series 2017A Bonds (or after provision has been made for the payment thereof as provided in **Section 1001** of this Indenture), and the fees, charges and expenses of the Trustee, any Paying Agents and the Issuer, and any other amounts required to be paid under this Indenture, all amounts remaining in the Series 2017A Debt Service Fund shall be paid to the Issuer.

Section 408. Series 2017B Debt Service Fund.

The Trustee shall deposit and credit to the Series 2017B Debt Service Fund, as and when received, as follows:

- (a) The amounts required to be deposited therein under **Section 406** hereof.
- (b) Interest earnings and other income on Permitted Investments required to be deposited in the Series 2017B Debt Service Fund pursuant to **Section 502** hereof.
- (c) All other moneys received by the Trustee under and pursuant to any of the provisions of this Indenture or any other Transaction Document, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Series 2017B Debt Service Fund.

The moneys in the Series 2017B Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of this Indenture to pay the principal of and redemption premium, if any, and interest on the Series 2017B Bonds as the same become due and payable. Except as otherwise provided

herein, moneys in the Series 2017B Debt Service Fund shall be expended solely as follows: (i) to pay interest on the Series 2017B Bonds as the same becomes due; (ii) to pay principal of the Series 2017B Bonds as the same mature or become due and upon any mandatory sinking fund redemption thereof; and (iii) to pay principal of and accrued interest and redemption premium, if any, on the Series 2017B Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to maturity.

The Trustee is authorized and directed to withdraw sufficient funds from the Series 2017B Debt Service Fund to pay principal of, redemption premium, if any, and interest on the Series 2017B Bonds as the same become due and payable at maturity or upon redemption and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said principal, redemption premium, if any, and interest.

The Trustee, upon the written instructions from the Issuer, shall use excess moneys in the Series 2017B Debt Service Fund to redeem all or part of the Series 2017B Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the Issuer, in accordance with the provisions of **Article III** hereof, to the extent said moneys are in excess of the amount required for payment of Series 2017B Bonds theretofore matured or called for redemption. The Issuer may cause such excess money in the Series 2017B Debt Service Fund or such part thereof or other moneys of the Issuer, as the Issuer may direct, to be applied by the Trustee on a best efforts basis to the extent practical for the purchase of Series 2017B Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of, redemption premium, if any, and interest on the Series 2017B Bonds (or after provision has been made for the payment thereof as provided in **Section 1001** of this Indenture), and the fees, charges and expenses of the Trustee, any Paying Agents and the Issuer, and any other amounts required to be paid under this Indenture, all amounts remaining in the Series 2017B Debt Service Fund shall be paid to the Issuer.

Section 409. Rebate Fund.

There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement and pursuant to **Section 402(b)(iv)**. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America or any expenses incurred in connection with the calculation of rebate, and neither the Issuer nor the owner of any Bonds shall have any rights in or claim to such money, except as provided in **Section 402(b)(iv)**. All amounts held in the Rebate Fund shall be governed by this Section and by the Tax Compliance Agreement (which is incorporated herein by reference).

Pursuant to the Tax Compliance Agreement, the Trustee shall remit all required rebate installments and a final rebate payment to the United States in accordance with the written direction of the Issuer. The Trustee shall not have any obligation to pay any amounts required to be rebated pursuant to this Section and the Tax Compliance Agreement, other than from moneys held in the Rebate Fund created under this Indenture as provided in this Indenture or from other moneys provided to it by the Issuer. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Series 2017B Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and paid to the Issuer.

The obligation to pay arbitrage rebate to the United States and to comply with all other requirements of this Section and the Tax Compliance Agreement shall survive the defeasance or payment in full of the Series 2017B Bonds until all rebatable arbitrage shall have been paid.

Section 410. Payments Due on Saturdays, Sundays and Holidays.

In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 411. Nonpresentment of Bonds.

In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Issuer to the owner thereof for the payment of such Bond, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust in a separate trust account, without liability for interest thereon, for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on such person's part under this Indenture or on or with respect to said Bond. If any Bond shall not be presented for payment within four years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the Issuer the funds theretofore held by it for payment of such Bond without liability for interest thereon, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 412. Records and Reports of Trustee.

The Trustee agrees to maintain such records with respect to any and all moneys or investments held by the Trustee pursuant to the provisions of this Indenture as are requested by the Issuer. The Trustee shall furnish to the Issuer, monthly on the tenth Business Day after the end of each calendar month, a report on the status of each of the funds and accounts established under this Article which are held by the Trustee, showing the balance in each such fund or account as of the first day of the preceding month, the total of deposits to and the total of disbursements from each such fund or account, the dates of such deposits and disbursements, and the balance in each such fund or account on the last day of the preceding month. The Trustee shall render an annual accounting for each Fiscal Year to the Issuer and any bondowner at the expense of such bondowner requesting the same, showing in reasonable detail all financial transactions relating to the Trust Estate during the accounting period, including investment earnings and the balance in any funds or accounts created by this Indenture as of the beginning and close of such accounting period.

ARTICLE V

**SECURITY FOR DEPOSITS
AND INVESTMENT OF FUNDS**

Section 501. Moneys to be Held in Trust.

All moneys deposited with or paid to the Trustee for the funds and accounts held under this Indenture, and all moneys deposited with or paid to any Paying Agent under any provision of this Indenture shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the provisions of this Indenture, and, until used or applied as herein provided, shall (except for moneys in the Rebate Fund) constitute part of the Trust Estate and be subject to the lien, terms and provisions hereof and

shall not be commingled with any other funds of the Issuer except as provided under **Section 502** hereof for investment purposes. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except to the extent such moneys are invested in Permitted Investments.

Section 502. Investment of Moneys.

Moneys held in each of the funds and accounts under this Indenture shall, pursuant to written directions of the Issuer Representative, be invested and reinvested by the Trustee in accordance with the provisions of this Indenture and the Tax Compliance Agreement, in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. If the Issuer fails to provide written directions concerning investment of moneys held in the funds and accounts, the Trustee shall invest in such Permitted Investments specified in paragraph (7) of the definition of Permitted Investments, provided they mature or are subject to redemption prior to the date such funds will be needed. The Trustee may conclusively rely upon the written direction of the Issuer Representative as to the suitability and legality of any directed investment. The Trustee is specifically authorized to implement its automated cash investment system to invest cash and to charge its normal cash management fees, which may be deducted from earned income on investments. The Trustee may make any investments permitted by the provisions of this Section through its own bond department or short-term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes except moneys held in any fund or account that are required to be yield restricted in accordance with the Tax Compliance Agreement, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments (other than any amounts required to be deposited in the Rebate Fund pursuant to **Section 409** hereof) shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account. Investment earnings on amounts deposited under this Indenture allocable to a series of Bonds shall be transferred to the Debt Service Fund for such series of Bonds and used to pay debt service on such Bonds on the next Payment Date. After the Trustee has notice pursuant to **Section 803** of the existence of an Event of Default, the Trustee shall direct the investment of moneys in the funds and accounts held under this Indenture. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments.

ARTICLE VI

GENERAL COVENANTS AND PROVISIONS

Section 601. Issuer to Issue Bonds and Execute Indenture.

The Issuer covenants that it is duly authorized under the Constitution and laws of the State of Missouri to execute this Indenture, to issue the Bonds and to pledge and assign the Trust Estate in the manner and to the extent set forth herein; that all action on its part for the execution and delivery of this Indenture and the issuance of the Bonds has been duly and effectively taken; and that the Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Section 602. Limited Obligations.

The Bonds and the interest thereon shall be special, limited obligations of the Issuer payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof and under certain circumstances from insurance proceeds and condemnation awards) solely out of Appropriated Moneys and moneys in the Funds and Accounts held by the Trustee under this Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in this Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the Issuer within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the Issuer, but shall be payable solely from the funds provided for in this Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the Issuer to levy any form of taxation therefor or to make any appropriation for their payment.

Section 603. Payment of Bonds.

The Issuer shall duly and punctually pay, but solely from the sources specified in this Indenture, the principal of, redemption premium, if any, and interest on the Bonds in accordance with the terms of the Bonds and this Indenture.

Section 604. Performance of Covenants.

The Issuer shall faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in the Bonds and in all proceedings pertaining thereto.

Section 605. Inspection of Books.

The Issuer covenants and agrees that all books and documents in its possession relating to the Bonds and this Indenture, and the transactions relating thereto shall at all reasonable times be open to inspection by the Trustee and such accountants or other agencies as the Trustee may from time to time designate and the Trustee and its agents may take such memoranda from and in regard thereto as may be desired. The Trustee covenants and agrees that all books and documents in its possession relating to the Bonds and this Indenture, and the transactions relating thereto, including financial statements of the Issuer, shall be open to inspection by the Issuer during business hours upon reasonable notice.

Section 606. Enforcement of Rights.

The Issuer agrees that the Trustee, as assignee, transferee, pledgee, and owner of a security interest under this Indenture in its name or in the name of the Issuer may enforce all rights of the Issuer and the Trustee for and on behalf of the bondowners, whether or not the Issuer is in default hereunder.

Section 607. Tax Covenants.

The Issuer shall at all times do and perform all acts and things permitted by law and this Indenture which are necessary or desirable in order to assure that interest paid on the Series 2017B Bonds (or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the Issuer agrees to comply with the provisions of the Tax Compliance Agreement. This covenant shall survive payment in full or defeasance of Series 2017B Bonds.

Section 608. Annual Appropriations.

The Issuer intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to this Indenture, moneys sufficient to pay all the principal of and interest on the Bonds coming due in the next succeeding Fiscal Year. The Issuer shall deliver written notice to the Trustee no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the principal of and interest on the Bonds to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the principal of and interest on the Bonds to become due during such Fiscal Year, the failure of the Issuer to deliver the foregoing notice on or before the fifteenth 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 Issuer'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 principal of and interest on the Bonds to become due during such succeeding Fiscal Year, the failure of the Issuer to deliver the foregoing notice on or before the fifteenth day after the commencement of its Fiscal Year shall constitute an Event of Nonappropriation.

Section 609. Annual Budget Request.

The City Manager or other officer of the Issuer 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 Bonds are Outstanding, an appropriation for all payments of principal of and interest on the Bonds required for the ensuing Fiscal Year; it being the intention of the Issuer that the decision to appropriate or not to appropriate under this Indenture shall be made solely by the City Council and not by any other official of the Issuer. The Issuer intends, subject to the provisions above respecting the failure of the Issuer to budget or appropriate funds to make payments on the Bonds, to pay the debt service on the Bonds hereunder. The Issuer reasonably believes that legally available funds in an amount sufficient to make all payments of principal of and interest on the Bonds due during each Fiscal Year can be obtained. The Issuer further intends to do all things lawfully within its power to obtain and maintain funds from which payments of principal of and interest on the Bonds may be made, including making provision for such debt service payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the Issuer. Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the Issuer's normal procedures for such decisions.

Section 610. Continuing Disclosure.

The Issuer 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 Indenture, failure of the Issuer to comply with the Continuing Disclosure Undertaking shall not be considered an Event of Default under this Indenture; however, the Trustee may (and, at the request of any Participating Underwriter or the owners of at least 25% aggregate principal amount of Outstanding Bonds, having been indemnified in accordance with **Section 802(e)** shall) or any bondowner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations hereunder and under the Continuing Disclosure Undertaking. 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, and "Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Undertaking.

Section 611. Property Insurance.

The City shall, under the City's customary insurance practices (which may include self-insurance) or otherwise, take such measures as may be necessary or appropriate in accordance with sound business practices to insure, or cause to be insured, the Series 2017 Projects funded with proceeds of the Series 2017 Bonds and the other projects funded with proceeds of the Series 2017 Bonds to the extent insurable against loss included in all risk insurance policies then in use in the State in an amount not less than the full replacement value of the Series 2017 Project and such other projects less the standard exclusions.

ARTICLE VII

DEFAULT AND REMEDIES

Section 701. Events of Default.

The term "Event of Default," wherever used in this Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(f) default in the payment of any interest on any Bond when such interest becomes due and payable;

(g) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or

(h) default in the performance, or breach, of any covenant or agreement of the Issuer in this Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in this Section), and continuance of such default or breach for a period of 60 days after there has been given to the Issuer by the Trustee or to the Issuer and the Trustee by the owners of at least 10% in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an Event of Default if the Issuer shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch.

Section 702. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, the Trustee may, and shall at the direction of the owners of not less than 25% in principal amount of the Bonds Outstanding, by written notice to the Issuer, declare the principal of all Bonds Outstanding and the interest accrued thereon to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Indenture or the Bonds to the contrary notwithstanding.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in this Article, the Trustee or the owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if

- (a) the Issuer has deposited with the Trustee a sum sufficient to pay
 - (i) all overdue installments of interest on all Bonds;
 - (ii) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in the Bonds;
 - (iii) interest upon overdue installments of interest at the rate prescribed therefor in the Bonds; and
 - (iv) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and
- (b) all events of default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in **Section 710** of this Indenture.
- (c) No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Section 703. Exercise of Remedies by the Trustee.

Upon the occurrence and continuance of any Event of Default under this Indenture, unless the same is waived as provided in this Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under this Indenture or by law:

- (a) ***Right to Bring Suit, Etc.*** The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under this Indenture, to realize on or to foreclose any of its interests or liens under this Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the Issuer as set forth in this Indenture and to enforce or preserve any other rights or interests of the Trustee under this Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.
- (b) ***Exercise of Remedies at Direction of Bondowners.*** If requested in writing to do so by the owners of not less than 25% in principal amount of Bonds Outstanding and if indemnified as provided in **Section 802(e)** and **802(k)** of this Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by this Article as the Trustee shall deem most expedient in the interests of the bondowners.
- (c) ***Appointment of Receiver.*** Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondowners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) ***Suits to Protect the Trust Estate.*** The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Indenture and to protect its interests and the interests of the bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under this Indenture or be prejudicial to the interests of the bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the bondowners in any judicial proceeding to which the Issuer is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the bondowners.

(e) ***Enforcement Without Possession of Bonds.*** All rights of action under this Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of **Section 707** hereof, shall be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.

(f) ***Restoration of Positions.*** If the Trustee or any bondowner has instituted any proceeding to enforce any right or remedy under this Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such bondowner, then and in every case the Issuer and the bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under this Indenture, and thereafter all rights and remedies of the Trustee and the bondowners shall continue as though no such proceeding had been instituted.

Section 704. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Issuer upon the Bonds, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand on the Issuer for the payment of overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the bondowners allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each bondowner to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the bondowners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under **Section 804**.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any bondowner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any owner thereof, or to authorize the Trustee to vote in respect of the claim of any bondowner in any such proceeding.

Section 705. Limitation on Suits by Bondowners.

No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy under this Indenture, unless

- (a) such owner has previously given written notice to the Trustee of a continuing Event of Default;
- (b) the owners of not less than 25% in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under this Indenture;
- (c) such owner or owners have offered to the Trustee indemnity as provided in **Sections 802(e), 802(k) and 804** of this Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;
- (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the lien of this Indenture or the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other owners or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Outstanding Bonds.

Notwithstanding the foregoing or any other provision in this Indenture, however, the owner of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the redemption date) and nothing contained in this Indenture shall affect or impair the right of any owner to institute suit for the enforcement of any such payment.

Section 706. Control of Proceedings by Bondowners.

The owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an Event of Default, provided indemnity has been provided to the Trustee in accordance with **Sections 802(e), 802(k) and 804**:

- (a) to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of this Indenture, or otherwise; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture; provided that

(i) such direction shall not be in conflict with any rule of law or this Indenture;

(ii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

(iii) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction.

Section 707. Application of Moneys Collected.

Any moneys collected by the Trustee pursuant to this Article, together with any other sums then held by the Trustee as part of the Trust Estate (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys), shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) FIRST: To the payment of all undeducted amounts due the Trustee under **Section 804** of this Indenture;

(b) SECOND: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and

(c) THIRD: To the payment of the remainder, if any, to the Issuer or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be a Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, in accordance with **Section 204** hereof, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 708. Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the Trustee or to the bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent

permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 709. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any owner of any Bond to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the bondowners, as the case may be.

Section 710. Waiver of Past Defaults.

Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in this Article, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Trustee and the Issuer, on behalf of the owners of all the Bonds waive any past default hereunder and its consequences, except a default

- (a) in the payment of the principal of (or premium, if any) or interest on any Bond; or
- (b) in respect of a covenant or provision hereof which under **Article IX** cannot be modified or amended without the consent of the owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

ARTICLE VIII

THE TRUSTEE

Section 801. Acceptance of Trusts; Certain Duties and Responsibilities.

The Trustee accepts and agrees to execute the trusts imposed upon it by this Indenture, and agrees to perform such trusts as a corporate trustee ordinarily would perform such trusts under a corporate indenture, but only upon the following terms and conditions:

- (a) Except during the continuance of an Event of Default,
 - (i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and
 - (ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of material calculations or other facts stated therein).

(b) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of its own affairs in exercising any rights or remedies or performing any of its duties hereunder.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own gross negligent action, its own gross negligent failure to act, or its own willful misconduct, except that

(i) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by an authorized officer of the Trustee, unless it shall be proved that the Trustee was grossly negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the owners of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of specifying the duties or affording protection to the Trustee, whether in its capacity as Trustee, Paying Agent, bond registrar or any other capacity, shall be subject to the provisions of this **Article VIII**.

Section 802. Certain Rights of Trustee.

Except as otherwise provided in **Section 801** of this Indenture:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Trustee shall be entitled to rely upon an Officer's Certificate as to the sufficiency of any request or direction of the Issuer mentioned herein, the existence or nonexistence of any fact or the sufficiency or validity of any instrument, paper or proceeding, or that an ordinance or resolution in the form therein set forth has been adopted by the governing body of the Issuer has been duly adopted, and is in full force and effect.

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad

faith on its part, rely upon an Officer's Certificate. Prior to the occurrence of default of which the Trustee has been notified as proved in **Section 803** or of which by such Section the Trustee is deemed to have notice, the Trustee may also accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient and may at its discretion secure such further evident deemed necessary or advisable but shall in no case be bound to secure the same.

(d) The Trustee may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

(e) Notwithstanding anything in this Indenture to the contrary, the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture whether at the request or direction of any of the bondowners pursuant to this Indenture or otherwise, unless such bondowners or other party shall have offered to the Trustee reasonable security or indemnity against the fees, advances, costs, expenses and liabilities (except liability which is the result of the Trustee's own gross negligence or willful misconduct), including, without limitation, such fees, advances, costs, expenses and liabilities associated with environmental contamination and the clean up thereof, which might be incurred by it in connection with such rights or powers.

(f) The Trustee may rely conclusively and shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney.

(g) The Trustee assumes no responsibility for the correctness of the recitals contained in this Indenture and in the Bonds, except the certificate of authentication on the Bonds, or for the recording or re-recording, filing or re-filing of this Indenture or any financing statement (other than continuation statements) in connection therewith, or for the validity of the execution by the City of this Indenture or any Supplemental Indenture or instruments of further assurance. The Trustee makes no representations to the value or condition of the Trust Estate or any part thereof, or as to the title thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application of any of the Bonds or the proceeds thereof or of any money paid to or upon the order of the Issuer under any provision of this Indenture.

(h) The Trustee, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not Trustee.

(i) All money received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law or by this Indenture. The Trustee shall not be responsible or liable for any loss suffered in connection with investments of money made by it that are authorized and directed pursuant to **Section 502** of this Indenture.

(j) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through receivers, agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any receiver, agent or attorney appointed with due care by it hereunder. The Trustee may in all cases pay such reasonable compensation to all such receivers, agents and attorneys as may reasonably be employed in connection with the trust created herein.

(k) Notwithstanding anything elsewhere in this Indenture contained, before taking any action under this Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all reasonable costs and expenses to which it may be put and to protect it against all liability which it may incur in or by reason of such action.

(l) The Trustee may elect not to proceed in accordance with the directions of the Bondowners without incurring any liability to the Bondowners if in the opinion of the Trustee such direction may result in environmental liability to the Trustee, in its individual capacity for which the Trustee has not received adequate indemnity pursuant to **Section 802** and **Section 804** hereof from the Bondowners and the Trustee may rely upon an Opinion of Counsel addressed to the Issuer and the Trustee in determining whether any action directed by the Bondowners may result in such liability.

(m) The Trustee may inform the Bondowners of environmental hazards that the Trustee has reason to believe exist, and the Trustee has the right to take no further action and, in such event no fiduciary duty exists which imposes any obligation for further action with respect to the Trust Estate or any portion thereof if the Trustee, in its individual capacity, determines that any such action would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not received adequate indemnity pursuant to **Section 802** and **Section 804** hereof.

(n) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or its willful misconduct.

(o) The Trustee shall not be required to give any bond or security in respect of the execution of the said trusts and powers or otherwise in respect to the premises.

(p) As to instances where the Trustee is requested to take an action which is not specified in the Indenture, or the conditions are different than specified in the Indenture, or in comparable instances, the Trustee shall have the right, but shall not be required, to demand with respect to any such action, such as the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showing, certificates, opinions appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purposes of establishing the right to the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

Section 803. Notice of Defaults.

The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the Issuer to cause to be made any of the payments to the Trustee required to be made by **Article IV** of this Indenture, unless the Trustee shall be specifically notified in writing of such default by the Issuer or the owners of at least 10% in principal amount of all Bonds Outstanding, and in the

absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within 30 days after the Trustee has received notice of any Event of Default or the occurrence of any Event of Default hereunder of which the Trustee is deemed to have notice, the Trustee shall give written notice of such Event of Default by mail to all owners of Bonds as shown on the bond register maintained by the Trustee, unless such Event of Default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bond, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the bondowners. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default as defined in **Section 801**.

Section 804. Compensation and Reimbursement.

Subject to annual appropriation, the Trustee shall be entitled to payment or reimbursement from the Issuer

(a) from time to time for reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(b) except as otherwise expressly provided herein, upon its request, for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's gross negligence or bad faith;

(c) in the event that it should become necessary for the Trustee to perform extraordinary services that are outside the scope of ordinary trustee services, the Trustee shall be entitled to reasonable additional compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the gross negligence or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefor; and

(d) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without gross negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the fees, costs and expenses of its agents and counsel in defending itself against any action, suit, demand, judgment, claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

The Trustee shall promptly notify the Issuer in writing of any claim or action brought against the Trustee in respect of which indemnity may be sought against the Issuer, setting forth the particulars of such claim or action, and the Issuer will assume the defense thereof, including the employment of counsel satisfactory to the Trustee and the payment of all expenses. The Trustee may employ separate counsel in any such action and participate in the defense thereof, and the reasonable fees and expenses of such counsel shall not be payable by the Issuer unless such employment has been specifically authorized by the Issuer, or the rules governing conflicts of interest require the employ of separate counsel, or the Issuer fails, in the judgment of the Trustee, to employ competent counsel, and such counsel fails to actively defend such action and protect the interests of the Trustee or bondowners.

As security for the payment of such compensation, expenses, reimbursements and indemnity under this Section, the Trustee shall be secured under this Indenture by a first lien prior to the Bonds, and shall have the right to use and apply any trust moneys held by it under **Article IV** hereof.

Section 805. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be a commercial banking association or corporation or trust company organized and in good standing and doing business under the laws of the United States of America or of any state thereof, with a principal office in the State of Missouri, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, having a combined capital and surplus of at least \$100,000,000, or consideration may be given by the Issuer to a bank not meeting this amount if the bank submits an acceptable form of guarantee for its financial obligations to the Issuer. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect specified in this Article.

Section 806. Resignation and Removal of Trustee.

(a) The Trustee may resign at any time by giving written notice thereof to the Issuer and each owner of Bonds Outstanding as shown by the list of bondowners required by this Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) If the Trustee has or shall acquire any conflicting interest (as determined by the Trustee), it shall, within 90 days after ascertaining that it has a conflicting interest, or within 30 days after receiving written notice from the Issuer (so long as the Issuer is not in default under this Indenture) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in subsection (a).

(c) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Issuer and the Trustee signed by the owners of a majority in principal amount of the Outstanding Bonds, or, so long as the Issuer is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default hereunder, by the Issuer. The Issuer or any bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee. The Trustee may be removed at any time, for any breach of its obligations under the Indenture.

(d) If at any time:

(i) the Trustee shall fail to comply with subsection (b) after written request therefor by the Issuer or by any bondowner;

(ii) the Trustee shall cease to be eligible under **Section 805** and shall fail to resign after written request therefor by the Issuer or by any such bondowner; or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (A) the Issuer may remove the Trustee, or (B) any bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) The Trustee shall give notice at the expense of the Issuer of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the registered owners of Bonds as their names and addresses appear in the bond register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

(f) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under **Section 808**.

Section 807. Appointment of Successor Trustee.

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Issuer (so long as no Event of Default hereunder has occurred and is continuing), or the owners of a majority in principal amount of Bonds Outstanding (if an Event of Default hereunder has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the Issuer and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the Issuer or the bondowners. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner herein provided, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner herein provided, any bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of this Section shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of this Article.

Section 808. Acceptance of Appointment by Successor.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and to the retiring Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee and the duties and obligations of the retiring Trustee shall cease and terminate; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, fees, costs and expenses, including its agents and counsel, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in **Section 804**. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 809. Merger, Consolidation and Succession to Business.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation or association shall be otherwise qualified and eligible under this Article, and shall be vested with all of the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Section 810. Co-Trustees and Separate Trustees.

At any time or times, for the purpose of meeting the legal requirements of any jurisdiction in which any of the Trust Estate may at the time be located, or in the enforcement of any default or the exercise any of the powers, rights or remedies herein granted to the Trustee, or any other action which may be desirable or necessary in connection therewith, the Trustee shall have power to appoint, and, upon the written request of the Trustee or of the owners of at least 25% in principal amount of the Bonds Outstanding, the Issuer shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Trustee either to act as co-trustee, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such person or persons in the capacity aforesaid, any property, title, protection, immunity, right or power deemed necessary or desirable, subject to the other provisions of this Section. If the Issuer does not join in such appointment within 15 days after the receipt by it of a request so to do, or in case an Event of Default has occurred and is continuing, the Trustee alone shall have power to make such appointment.

Should any written instrument from the Issuer be required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the Issuer.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) The Bonds shall be authenticated and delivered, and all rights, powers, duties and obligations hereunder in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustee hereunder, shall be exercised solely, by the Trustee.

(b) The rights, powers, duties and obligations hereby conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Trustee or by the Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee.

(c) The Trustee at any time, by an instrument in writing executed by it, with the concurrence of the Issuer, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, in case an Event of Default has occurred and is continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Issuer. Upon the written request of the Trustee, the Issuer shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.

(d) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of the Trustee, or any other such trustee hereunder.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other act of bondowners delivered to the Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

Section 811. Designation of Paying Agents.

The Trustee is hereby designated and agrees to act as principal Paying Agent for and in respect to the Bonds. The Issuer may, in its discretion, cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternate Paying Agents, if any, and for the making available of funds hereunder for the payment of the principal of, premium, if any, and interest on the Bonds of any series, or at the principal corporate trust office of said alternate Paying Agents. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be trustee of any funds provided hereunder and Paying Agent for principal of, premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee and Paying Agent unless a separate Paying Agent or Agents are appointed by the Issuer in connection with the appointment of any successor Trustee.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 901. Supplemental Indentures Without Consent of Bondowners.

Without the consent of the owners of any Bonds, the Issuer and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

(a) to correct or amplify the description of any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien of this Indenture additional property;

(b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, as herein set forth, additional conditions, limitations and restrictions thereafter to be observed;

(c) to evidence the appointment of a separate trustee or the succession of a new trustee under this Indenture;

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

(e) to cure any ambiguity, to correct or supplement any provision in this Indenture which may be inconsistent with any other provision herein or to make any other change, with respect to matters or questions arising under this Indenture, which shall not be inconsistent with the provisions of this Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds (in making such determination the Trustee may rely conclusively upon an Opinion of Counsel); or

(f) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

Section 902. Supplemental Indentures With Consent of Bondowners.

With the consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the Issuer and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the owners of the Bonds under this Indenture; provided, however, that no such Supplemental Indenture 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, any Bond, 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, any Bond, 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);

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

(c) modify the obligation of the Issuer to make payment on or provide funds for the payment of any Bond;

(d) modify or alter the provisions of the exceptions to the definition of the term "Outstanding";

(e) modify any of the provisions of this Section or **Section 710**, except to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or

(f) permit the creation of any lien ranking prior to or on parity with the lien of this Indenture with respect to any of the Trust Estate or terminate the lien of this Indenture on any property at any time subject hereto or deprive the owner of any Bond of the security afforded by the lien of this Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture 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. In making such determination, the Trustee shall be entitled to receive and may rely conclusively upon an Opinion of Counsel.

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 Indenture, but it shall be sufficient if such act shall approve the substance thereof.

A copy of any Supplemental Indenture shall be sent to any Rating Agency then rating the Bonds.

Section 903. Execution of Supplemental Indentures.

In executing or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and, subject to **Article VIII**, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Indenture is authorized and permitted by and in compliance with the terms of this Indenture and that the execution and delivery thereof will not adversely affect the exclusion from federal gross income of interest on the Series 2017B Bonds. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 904. Effect of Supplemental Indentures.

Upon the execution of any Supplemental Indenture under this Article, this Indenture shall be modified in accordance therewith and such Supplemental Indenture shall form a part of this Indenture for all purposes; and every owner of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 905. Reference in Bonds to Supplemental Indentures.

Bonds authenticated and delivered after the execution of any Supplemental Indenture 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 Indenture. If the Issuer shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Issuer, to any such Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

ARTICLE X

SATISFACTION AND DISCHARGE

Section 1001. Payment, Discharge and Defeasance of Bonds.

Bonds will be deemed to be paid and discharged and no longer Outstanding under this Indenture and will cease to be entitled to any lien, benefit or security of this Indenture if the Issuer shall pay or provide for the payment of such Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;
- (b) by delivering such Bonds to the Trustee for cancellation; or

(c) by depositing in trust with the Trustee or other Paying Agent moneys and Defeasance Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of this Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or redemption dates only with cash or Defeasance Obligations pursuant to subsection (c) above, subject to receipt by the Trustee of (i) for any advance refunding, a verification report prepared by independent certified public accountants, or other verification agent, and (ii) an Opinion of Co-Bond Counsel addressed and delivered to the Trustee, the Issuer to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds then Outstanding and any and all other amounts required to be paid under the provisions of this Indenture has been provided for in the manner set forth in this Indenture and to the effect that so providing for the payment of any Series 2017B Bonds will not cause the interest on such Series 2017B Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of this Indenture.

The foregoing notwithstanding, the liability of the Issuer in respect of such Bonds shall continue, but the owners thereof shall thereafter be entitled to payment only out of the moneys and Defeasance Obligations deposited with the Trustee as aforesaid.

Moneys and Defeasance Obligations so deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys and Defeasance Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent, as the Trustee may determine) to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such moneys and Defeasance Obligations have been deposited with the Trustee.

Section 1002. Satisfaction and Discharge of Indenture.

This Indenture and the lien, rights and interests created by this Indenture shall cease, terminate and become null and void (except as to any surviving rights pursuant to **Section 1003** hereof) if the following conditions are met:

(a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of **Section 1001**;

(b) all other sums payable under this Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment;

(c) the Trustee receives an Opinion of Co-Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that so providing for the payment of any Series 2017B Bonds will not cause the interest on such Series 2017B Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of this Indenture; and

(d) the Trustee receives an Opinion of Counsel to the effect that all conditions precedent in this Section to the satisfaction and discharge of this Indenture have been complied with.

Thereupon, the Trustee shall execute and deliver to the Issuer a termination statement and such instruments of satisfaction and discharge of this Indenture as may be necessary at the written request of the Issuer, and shall pay, assign, transfer and deliver to the Issuer, or other Persons entitled thereto, all moneys, securities and other property then held by it under this Indenture as a part of the Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee as herein provided for the payment of the principal of, premium, if any, and interest on the Bonds.

Section 1003. Rights Retained After Discharge.

Notwithstanding the satisfaction and discharge of this Indenture, the rights of the Trustee under **Section 804** shall survive, and the Trustee shall retain such rights, powers and duties under this Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided herein. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any Bond remaining unclaimed for four years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided herein, shall then be paid to the Issuer without liability for interest thereon, and the owners of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the Issuer for payment thereof and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease.

ARTICLE XI

NOTICES, CONSENTS AND OTHER ACTS

Section 1101. Notices.

Except as otherwise provided herein, it shall be sufficient service of any notice, request, demand, authorization, direction, consent, waiver or other paper required or permitted by this Indenture to be made, given or furnished to or filed with the following Persons upon receipt by such Person, if the same shall be delivered in person or duly mailed by registered or certified mail, postage prepaid, return receipt requested, at the following addresses:

To the Issuer at:	City of Kansas City, Missouri City Hall, Third Floor 414 East 12 th Street Kansas City, MO 64106 Attention: Director of Finance
To the Trustee at:	UMB Bank, N.A. 1010 Grand Blvd. Kansas City, Missouri 64106 Attention: Corporate Trust Services
To the Original Purchaser:	J.P. Morgan Securities LLC Attention: Matthew Couch 10 South Dearborn 16 th Floor Chicago, IL 60603

A copy of the form of any notice from the Trustee to the Bondowners shall be given by the Trustee to the Issuer.

If, because of the temporary or permanent suspension of mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such delivery of notice in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient notice.

Notice to bondowners shall be given by first class mail at the address of the bondowners as shown on the bond register maintained by the Trustee, and neither the failure to receive such notice, nor any defect in any notice so mailed, shall affect the sufficiency of such notice. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by bondowners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1102. Acts of Bondowners.

Any notice, request, demand, authorization, direction, consent, waiver or other action provided by this Indenture to be given or taken by bondowners may be embodied in and evidenced by one or more substantially concurrent instruments of similar tenor signed by such bondowners in person or by an agent duly appointed in writing. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or of the ownership of Bonds other than the assignment of the ownership of a Bond, shall be sufficient for any purpose of this Indenture and conclusive in favor of the Issuer and the Trustee, if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof, or by the affidavit of a witness of such execution. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of such person's authority.

(b) The fact and date of execution of any such instrument or writing and the authority of any Person executing the same may also be proved in any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this Section.

(c) The ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same, shall be proved by the bond register maintained by the Trustee.

In determining whether the owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds registered on the bond register in the name of the Issuer shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Issuer has identified in writing to the Trustee as being owned by the Issuer or an affiliate thereof shall be so disregarded.

Any notice, request, demand, authorization, direction, consent, waiver or other action by the owner of any Bond shall bind every future owner of the same Bond and the owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Bond.

Section 1103. Form and Contents of Documents Delivered to Trustee.

Whenever several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which such person's certificate or opinion is based are erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Whenever any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Wherever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report.

Section 1104. Compliance Certificates and Opinions.

Upon any application or request by the Issuer to the Trustee to take any action under any provision of this Indenture, the Issuer shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of counsel rendering such opinion all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

- (a) a statement that each individual signing such certificate or opinion has read such condition or covenant and the definitions herein relating thereto;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (c) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; and
- (d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1201. Further Assurances.

The Issuer shall do, execute, acknowledge and deliver such Supplemental Indentures and such further acts, instruments, financing statements and assurances as the Trustee may reasonably require for accomplishing the purposes of this Indenture.

Section 1202. Benefit of Indenture.

This Indenture shall inure to the benefit of and shall be binding upon the Issuer and the Trustee and their respective successors and assigns, subject, however, to the limitations contained herein. With the exception of rights expressly conferred in this Indenture, nothing in this Indenture or in the Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors and assigns hereunder, any separate trustee or co-trustee appointed under **Section 810** and the owners of Outstanding Bonds, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1203. No Pecuniary Liability.

All covenants, obligations and agreements of the Issuer herein shall be effective to the extent authorized and permitted by law. No such covenant, obligation or agreement herein shall be deemed to be a covenant, obligation or agreement of any present or future councilmember, commissioner, director, officer, agent or employee of the Issuer other than in their official capacity.

Section 1204. Severability.

If any provision in this Indenture or in the Bonds 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 1205. Execution in Counterparts.

This Indenture 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. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed 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 1206. Electronic Storage

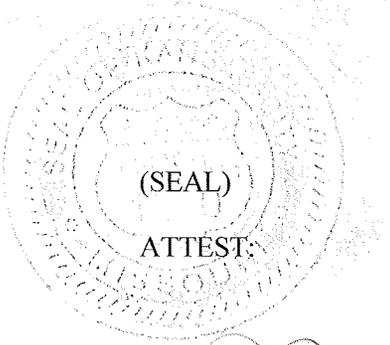
The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such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

Section 1207. Governing Law.

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

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Trust Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, by their duly authorized officers, all as of the day and year first above written.

CITY OF KANSAS CITY, MISSOURI

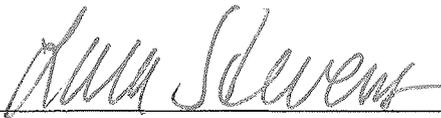


By:  _____
Director of Finance

By:  _____
City Clerk

THIS INDENTURE OF TRUST is executed as of the date first above written.

UMB Bank, N.A.,
as Trustee

By: 
Lara Stevens
Vice President

ATTEST:

By: 
ELIZABETH E. ANGOTTI
Assistant Secretary

SCHEDULE I

Series 2017A Projects

<u>Description of Project</u>	<u>Estimated Cost of Project</u>
Linwood Shopping Center	\$ 16,250,000
18 th & Vine, Phase 1	7,000,000
TOTAL	\$ 23,250,000

SCHEDULE II

Series 2017B Projects

<u>Description of Project</u>	<u>Estimated Cost of Project</u>
Peoplesoft Upgrade	\$ 5,099,736.00
Energov Permitting System	1,548,201.00
Museum	6,000,000.00
Parks Department Interconnectivity and Camera Upgrades	1,730,000.00
Refinancing of Crisis Center	1,509,702.38
Fuel Stations	4,424,000.00
TOTAL	\$20,311,639.38

EXHIBIT A

(FORM OF BONDS)

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation (“DTC”), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**UNITED STATES OF AMERICA
STATE OF MISSOURI**

Registered
No. R- _____

Registered

**CITY OF KANSAS CITY, MISSOURI
[TAXABLE] SPECIAL OBLIGATION BOND
(KANSAS CITY, MISSOURI PROJECTS)
SERIES 2017[A][B]**

Interest Rate	Maturity Date	Dated Date	CUSIP
____%	October 1, 20__	_____, 2017	

Registered Owner: _____ **** CEDE & CO. ****

Principal Amount: _____ DOLLARS

THE CITY OF KANSAS CITY, MISSOURI, a constitutional charter city and political subdivision of the State of Missouri (the “Issuer”), for value received, promises to pay, but solely from the sources herein specified to the registered owner named above, or registered assigns, the principal amount stated above on the maturity date stated above, except as the provisions herein set forth with respect to redemption prior to maturity may become applicable hereto, and in like manner to pay interest on said principal amount at the interest rate per annum stated above (computed on the basis of a 360-day year of twelve 30-day months) from the date of the Bonds stated above or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually on each April 1 and October 1, beginning on October 1, 2017, until said principal amount is paid.

Method and Place of Payment. The principal of and interest on this Bond shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and redemption premium, if any, on this Bond shall be payable by check or draft to the registered owner at the maturity or redemption date upon presentation and surrender of this Bond at the principal corporate trust office of UMB Bank, N.A. in the City of Kansas City, Missouri (the “Trustee”). The interest payable on this Bond on any interest payment date shall be paid by the Trustee to the registered owner of this Bond appearing on the bond register maintained by the Trustee at the close of business on the Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date

and shall be paid by (a) check or draft of the Trustee mailed to such registered owner at such owner's address as it appears on such bond register or at such other address furnished in writing by such registered owner to the Trustee, or (b) at the written request addressed to the Trustee by any registered owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to the bank for credit to the ABA routing number and account number filed with the Trustee no later than 15 days preceding the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Limited Obligations. The Series 2017[A][B] Bonds (as defined below) and the interest thereon are special, limited obligations of the Issuer payable solely out of Appropriated Moneys and moneys in the Funds and Accounts held by the Trustee under the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the Issuer within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the Issuer, but shall be payable solely from the funds provided for in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the Issuer to levy any form of taxation therefor or to make any appropriation for their payment.

Authorization of Bonds. This Bond is one of a duly authorized series of bonds of the Issuer designated "[Taxable] Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017[A][B]," in the aggregate principal amount of \$[Amount] (the "Series 2017[A][B] Bonds"), issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, and pursuant to proceedings duly had by the Issuer. The Series 2017[A][B] Bonds are issued, together with the Issuer's [Taxable] Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017[A][B] in the aggregate principal amount of \$[Amount] (the "Series 2017[A][B] Bonds") (The Series 2017A Bonds and the Series 2017B Bonds are referred to herein collectively as the "Series 2017 Bonds" or the "Bonds"), under and are equally and ratably secured and entitled to the protection given by a Trust Indenture, dated as of March 1, 2017 (said Trust Indenture, as amended and supplemented from time to time in accordance with the provisions thereof, herein called the "Indenture"), between the Issuer and the Trustee, to provide funds for the purposes described in the Indenture. Reference is hereby made to the Indenture for a description of the Trust Estate pledged and assigned thereunder, and the provisions, among others, with respect to the nature and extent of the security for the Bonds, and the rights, duties and obligations of the Issuer, the Trustee and the registered owners of the Bonds, and a description of the terms upon which the Bonds are issued and secured, upon which provision for payment of the Bonds or portions thereof and defeasance of the lien of the Indenture with respect thereto may be made and upon which the Indenture may be deemed satisfied and discharged prior to payment of the Bonds.

Redemption Prior to Maturity. The Series 2017[A][B] Bonds are subject to redemption prior to maturity as follows:

- (a) **Optional Redemption.** The Series 2017[A][B] Bonds maturing on October 1, 2028, and thereafter are subject to redemption and payment prior to maturity at the option of the Issuer on and after October 1, 2027, as a whole or in part at any time from maturities selected by the Issuer, at the redemption price equal to the principal amount thereof, plus accrued interest to the Redemption Date.

(b) **Mandatory Sinking Fund Redemption. Series 2017A Bonds.** The Series 2017A Bonds maturing October 1, 2039, are subject to mandatory redemption on each October 1 beginning October 1, 2033, and shall be redeemed on the dates set forth below at 100% of the principal amount of the Series 2017A Bonds called for redemption plus interest accrued and unpaid to the date fixed for redemption, without premium:

Series 2017A Term Bond Maturing October 1, 2039

<u>Redemption Date</u>	<u>Principal Amount</u>
October 1, 2033	\$895,000
October 1, 2034	935,000
October 1, 2035	980,000
October 1, 2036	1,025,000
October 1, 2037	1,075,000
October 1, 2038	1,125,000
October 1, 2039*	1,180,000

* Final maturity.

(c) **Mandatory Sinking Fund Redemption. Series 2017B Bonds.** The Series 2017B Bonds maturing October 1, 2036, are subject to mandatory redemption on each October 1 beginning October 1, 2035, and shall be redeemed on the dates set forth below at 100% of the principal amount of the Series 2017B Bonds called for redemption plus interest accrued and unpaid to the date fixed for redemption, without premium:

Series 2017B Term Bond Maturing October 1, 2036

<u>Redemption Date</u>	<u>Principal Amount</u>
October 1, 2035	\$400,000
October 1, 2036*	415,000

* Final maturity.

Notice of Redemption. Notice of redemption, unless waived, is to be given by the Trustee by mailing an official redemption notice by registered, certified or first-class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the bond register maintained by the Trustee. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds 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 Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Book-Entry System. The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature or with respect to each form of Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such participants. Transfers of

ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (a) payments of principal of, and redemption premium, if any, and interest on, this Bond, (b) notices and (c) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. This Bond may be transferred or exchanged, as provided in the Indenture, only upon the bond register maintained by the Trustee at the above-mentioned office of the Trustee by the registered owner hereof in person or by such owner's duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such owner's duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Issuer, the Trustee and any Paying Agent may deem and treat the person in whose name this Bond is registered on the bond register maintained by the Trustee as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Bonds are issuable in the form of fully registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof.

Limitation on Rights. The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. The Bonds or the Indenture may be modified, amended or supplemented only to the extent and in the circumstances permitted by the Indenture.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been executed by the Trustee.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, THE CITY OF KANSAS CITY, MISSOURI has caused this Bond to be executed in its name by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk and its seal to be affixed or imprinted hereon, all as of the Dated Date specified above.

CITY OF KANSAS CITY, MISSOURI

By: _____
Name: Sylvester "Sly" James, Jr.
Title: Mayor

[SEAL]

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Indenture.

Date of Authentication: _____

UMB BANK, N.A.
Trustee

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Print or Type Name, Address and Social
Security Number or Taxpayer Identification Number of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints
_____ agent to transfer the within Bond on the books kept by the Trustee for
the registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears on the face of the within Bond in every particular.

Signature Guaranteed By:

(Name of Eligible Guarantor Institution)

By: _____

Title: _____

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution as defined by SEC Rule 17AD-15 (17 CFW 240.17 Ad-15).

EXHIBIT B

DISBURSEMENT REQUEST

(§ 403—COSTS OF ISSUANCE FUND)

Request No.: _____

Date: _____

To: UMB Bank, N.A., as Trustee
Corporate Trust Department
1010 Grand Blvd.
Kansas City, Missouri 64106

Re: \$_____ City of Kansas City, Missouri [Taxable], Special Obligation Bonds
(Kansas City, Missouri Projects), Series 2017[A][B]

You are hereby requested and directed as Trustee under the Trust Indenture dated as of March 1, 2017 (the "Indenture"), between the City of Kansas City, Missouri and you, as Trustee, to pay from moneys in the Series 2017[A][B] Costs of Issuance Account of the Costs of Issuance Fund, pursuant to **Section 403** of the Indenture, to the following payees the following amounts for the following Costs of Issuance (as defined in the Indenture):

Payee	Amount	Description of Costs of Issuance	Series Account	Project Allocation
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The undersigned Issuer Representative hereby states and certifies that each item listed above is a proper Cost of Issuance (as defined in the Indenture) that was incurred in connection with the issuance of the above-referenced Series 2017 Bonds, and the amount of this request is justly due and owing and has not been the subject of another requisition which was paid.

CITY OF KANSAS CITY, MISSOURI

By: _____
Issuer Representative

EXHIBIT C-1

DISBURSEMENT REQUEST
(§ 404 Series 2017A Projects Account and Linwood Project Account)

Request No.: ____
Date: _____

To: UMB Bank, N.A., as Trustee
Attn: _____
Corporate Trust Department
1010 Grand Blvd.
Kansas City, Missouri 64106

Re: \$_____ City of Kansas City, Missouri, Taxable Special Obligation Bonds
(Kansas City, Missouri Projects), Series 2017A

You are hereby requested and directed as Trustee under the Trust Indenture dated as of March 1, 2017 (the "Indenture"), between the City of Kansas City, Missouri and you, as Trustee, to pay from moneys in the [Series 2017A Projects Account] [Linwood Project Account] of the Series 2017 Project Fund pursuant to the Indenture to the following payees the following amounts from the following accounts as indicated:

Payee	Amount	Description of Costs of Issuance	Series Account	Project Allocation
-------	--------	----------------------------------	----------------	--------------------

The undersigned Issuer Representative hereby states and certifies that each item listed above is a proper cost of the indicated Project, and the amount of this request is justly due and owing and has not been the subject of another requisition which was paid.

CITY OF KANSAS CITY, MISSOURI

By: _____
Issuer Representative

EXHIBIT C-2

**DISBURSEMENT REQUEST
(§ 405 Series 2017B Projects Account)**

Request No.: ____
Date: _____

To: UMB Bank, N.A., as Trustee
Attn: _____
Corporate Trust Department
1010 Grand Blvd.
Kansas City, Missouri 64106

Re: \$_____ City of Kansas City, Missouri, Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B

You are hereby requested and directed as Trustee under the Trust Indenture dated as of March 1, 2017 (the "Indenture"), between the City of Kansas City, Missouri and you, as Trustee, to pay to pay from moneys in the Series 2017B Projects Account of the Project Fund pursuant to the Indenture, to the following payees the following amounts from the following accounts as indicated:

Payee	Amount	Description of Costs of Issuance	Series Account	Project Allocation
-------	--------	----------------------------------	----------------	--------------------

The undersigned Issuer Representative hereby states and certifies that each item listed above is a proper cost of the Series 2017B Project that was incurred in connection with the issuance of the above-referenced Series 2017B Bonds, and the amount of this request is justly due and owing and has not been the subject of another requisition which was paid.

CITY OF KANSAS CITY, MISSOURI

By: _____
Issuer Representative

EXHIBIT D-1

CERTIFICATE OF COMPLETION
(Series 2017A Project and Linwood Project)

To: UMB Bank, N.A., as Trustee
Attn: _____
Corporate Trust Department
1010 Grand Blvd.
Kansas City, Missouri 64106

Re: \$ _____ City of Kansas City, Missouri, Taxable Special Obligation Bonds
(Kansas City, Missouri Projects), Series 2017A

The undersigned, being an Issuer Representative, hereby provides this certification of completion pursuant to **Section 404** of the Trust Indenture dated as of March 1, 2017 (the "Indenture"), by and between the Issuer and UMB Bank, N.A. (the "Trustee"), pursuant to which the above-referenced Bonds were issued, as follows:

1. The _____ Project has been fully completed substantially in accordance with the Plans and Specifications.
2. All costs and expenses incurred in such Project have been paid except costs and expenses the payment of which are not yet due or is being retained or contested in good faith by the City.
3. Any funds remaining in the [Series 2017A Projects Account] [Linwood Project Account] of the Series 2017 Project Fund shall be transferred to the _____ [Account][Fund].

Notwithstanding the foregoing, this Certificate is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

Dated: _____

By: _____
Issuer Representative

EXHIBIT D-2

CERTIFICATE OF COMPLETION
(Series 2017B Project)

To: UMB Bank, N.A., as Trustee
Attn: _____
Corporate Trust Department
1010 Grand Blvd.
Kansas City, Missouri 64106

Re: \$ _____ City of Kansas City, Missouri, Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B

The undersigned, being an Issuer Representative, hereby provides this certification of completion pursuant to **Section 405** of the Trust Indenture dated as of March 1, 2017 (the "Indenture"), by and between the Issuer and UMB Bank, N.A. (the "Trustee"), pursuant to which the above-referenced Bonds were issued, as follows:

1. The _____ Project has been fully completed substantially in accordance with the Plans and Specifications.
2. All costs and expenses incurred in such Project have been paid except costs and expenses the payment of which are not yet due or is being retained or contested in good faith by the City.

Any funds remaining in the Series 2017B Projects Account of the Project Fund shall be transferred to the _____ [Account][Fund].

Notwithstanding the foregoing, this Certificate is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

Dated: _____

By: _____
Issuer Representative

EXHIBIT E

DEBT SERVICE SCHEDULES, PORTIONS OF SERIES 2017A BONDS

Bond Debt Service

Kansas City, MO

Taxable Sp Obl Bds, Series 2017A - Linwood Shopping Center Portion

=====					
		Dated Date	03/23/2017		
		Delivery Date	03/23/2017		
Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2017			358,206.53	358,206.53	
04/01/2018			342,963.70	342,963.70	
04/30/2018					701,170.23
10/01/2018	525,000	1.923%	342,963.70	867,963.70	
04/01/2019			337,915.83	337,915.83	
04/30/2019					1,205,879.53
10/01/2019	535,000	2.104%	337,915.83	872,915.83	
04/01/2020			332,287.63	332,287.63	
04/30/2020					1,205,203.46
10/01/2020	550,000	2.567%	332,287.63	882,287.63	
04/01/2021			325,228.38	325,228.38	
04/30/2021					1,207,516.01
10/01/2021	565,000	2.808%	325,228.38	890,228.38	
04/01/2022			317,295.78	317,295.78	
04/30/2022					1,207,524.16
10/01/2022	580,000	3.038%	317,295.78	897,295.78	
04/01/2023			308,485.58	308,485.58	
04/30/2023					1,205,781.36
10/01/2023	600,000	3.287%	308,485.58	908,485.58	
04/01/2024			298,624.58	298,624.58	
04/30/2024					1,207,110.16
10/01/2024	620,000	3.487%	298,624.58	918,624.58	
04/01/2025			287,814.88	287,814.88	
04/30/2025					1,206,439.46
10/01/2025	645,000	3.610%	287,814.88	932,814.88	
04/01/2026			276,172.63	276,172.63	
04/30/2026					1,208,987.51
10/01/2026	670,000	3.740%	276,172.63	946,172.63	
04/01/2027			263,643.63	263,643.63	
04/30/2027					1,209,816.26
10/01/2027	695,000	3.860%	263,643.63	958,643.63	
04/01/2028			250,230.13	250,230.13	
04/30/2028					1,208,873.76
10/01/2028	720,000	4.050%	250,230.13	970,230.13	
04/01/2029			235,650.13	235,650.13	
04/30/2029					1,205,880.26
10/01/2029	750,000	4.150%	235,650.13	985,650.13	
04/01/2030			220,087.63	220,087.63	

04/30/2030					1,205,737.76
10/01/2030	785,000	4.250%	220,087.63	1,005,087.63	
04/01/2031			203,406.38	203,406.38	
04/30/2031					1,208,494.01
10/01/2031	820,000	4.350%	203,406.38	1,023,406.38	
04/01/2032			185,571.38	185,571.38	
04/30/2032					1,208,977.76
10/01/2032	855,000	4.380%	185,571.38	1,040,571.38	
04/01/2033			166,846.88	166,846.88	
04/30/2033					1,207,418.26
10/01/2033	895,000	4.625%	166,846.88	1,061,846.88	
04/01/2034			146,150.00	146,150.00	
04/30/2034					1,207,996.88
10/01/2034	935,000	4.625%	146,150.00	1,081,150.00	
04/01/2035			124,528.13	124,528.13	
04/30/2035					1,205,678.13
10/01/2035	980,000	4.625%	124,528.13	1,104,528.13	
04/01/2036			101,865.63	101,865.63	
04/30/2036					1,206,393.76
10/01/2036	1,025,000	4.625%	101,865.63	1,126,865.63	
04/01/2037			78,162.50	78,162.50	
04/30/2037					1,205,028.13
10/01/2037	1,075,000	4.625%	78,162.50	1,153,162.50	
04/01/2038			53,303.13	53,303.13	
04/30/2038					1,206,465.63
10/01/2038	1,125,000	4.625%	53,303.13	1,178,303.13	
04/01/2039			27,287.50	27,287.50	
04/30/2039					1,205,590.63
10/01/2039	1,180,000	4.625%	27,287.50	1,207,287.50	
04/30/2040					1,207,287.50
	17,130,000		10,125,250.61	27,255,250.61	27,255,250.61

Bond Debt Service
Kansas City, MO
Taxable Sp Obl Bds, Series 2017A - 18th & Vine and 2004B1 Reserve Portions

Dated Date 3/23/2017
Delivery Date 3/23/2017

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2017	375,000	1.375%	293,664.12	668,664.12	
04/01/2018			278,589.65	278,589.65	
04/30/2018					947,253.77
10/01/2018	390,000	1.923%	278,589.65	668,589.65	
04/01/2019			274,839.80	274,839.80	
04/30/2019					943,429.45
10/01/2019	395,000	2.104%	274,839.80	669,839.80	
04/01/2020			270,684.40	270,684.40	
04/30/2020					940,524.20
10/01/2020	405,000	2.567%	270,684.40	675,684.40	
04/01/2021			265,486.23	265,486.23	
04/30/2021					941,170.63
10/01/2021	415,000	2.808%	265,486.23	680,486.23	
04/01/2022			259,659.63	259,659.63	
04/30/2022					940,145.86
10/01/2022	430,000	3.038%	259,659.63	689,659.63	
04/01/2023			253,127.93	253,127.93	
04/30/2023					942,787.56
10/01/2023	445,000	3.287%	253,127.93	698,127.93	
04/01/2024			245,814.35	245,814.35	
04/30/2024					943,942.28
10/01/2024	460,000	3.487%	245,814.35	705,814.35	
04/01/2025			237,794.25	237,794.25	
04/30/2025					943,608.60
10/01/2025	475,000	3.610%	237,794.25	712,794.25	
04/01/2026			229,220.50	229,220.50	
04/30/2026					942,014.75
10/01/2026	495,000	3.740%	229,220.50	724,220.50	
04/01/2027			219,964.00	219,964.00	
04/30/2027					944,184.50
10/01/2027	510,000	3.860%	219,964.00	729,964.00	
04/01/2028			210,121.00	210,121.00	
04/30/2028					940,085.00

10/01/2028	530,000	4.050%	210,121.00	740,121.00	
04/01/2029			199,388.50	199,388.50	
04/30/2029					939,509.50
10/01/2029	555,000	4.150%	199,388.50	754,388.50	
04/01/2030			187,872.25	187,872.25	
04/30/2030					942,260.75
10/01/2030	580,000	4.250%	187,872.25	767,872.25	
04/01/2031			175,547.25	175,547.25	
04/30/2031					943,419.50
10/01/2031	605,000	4.350%	175,547.25	780,547.25	
04/01/2032			162,388.50	162,388.50	
04/30/2032					942,935.75
10/01/2032	7,415,000	4.380%	162,388.50	7,577,388.50	
04/30/2033					7,577,388.50
	14,480,000		7,234,660.60	21,714,660.60	21,714,660.60

Execution Copy

TRUST INDENTURE

between

THE CITY OF KANSAS CITY, MISSOURI

and

UMB BANK, N.A.,
as Trustee

Relating to

\$89,410,000
Special Obligation Refunding Bonds
(Kansas City Downtown Redevelopment District)
Series 2017C
of the
City of Kansas City, Missouri

Dated as of March 1, 2017

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TRUST INDENTURE

THIS TRUST INDENTURE (this “**Indenture**”), entered into as of March 1, 2017, between the **CITY OF KANSAS CITY, MISSOURI**, a constitutional charter city and political subdivision of the State of Missouri (the “**City**” or the “**Issuer**”), and **UMB BANK, N.A.**, a national banking association duly organized and existing under the laws of the United States of America and authorized to accept and execute trusts of the character herein set out under the laws of the State of Missouri, and having its principal corporate trust office located in the City of Kansas City, Missouri, as trustee (the “**Trustee**”);

RECITALS

WHEREAS, the City is authorized under its charter to issue its bonds or other obligations in evidence thereof; and

WHEREAS, the governing body of the City passed and approved Ordinance No. 170132 on February 23, 2017 (the “**Ordinance**”), authorizing the issuance of bonds to refinance certain projects as described below; and

WHEREAS, the City is authorized under the Downtown and Rural Economic Stimulus Act, Sections 99.915 to 99.1060, inclusive, of the Revised Statutes of Missouri, as amended (the “**DESA Act**”), to approve development plans, establish a special allocation fund and pledge such fund to the repayment of obligations issued to finance such development plans; and

WHEREAS, the City Council of the City has approved the formation of the Downtown Economic Stimulus Authority of Kansas City, Missouri (“**DESA**”) pursuant to the Act; and

WHEREAS, after all proper notice was given, DESA held a public hearing and after receiving the comments of all interested persons and taxing districts with respect to the South Loop Downtown Economic Stimulus Plan (the “**DESA Plan**”), closed such public hearing on June 30, 2004, and adopted its Resolution No. 6-5-04 recommending to the City Council the approval of the DESA Plan and the Development Project described therein (the “**DESA Project**”); and

WHEREAS, the City Council of the City on July 1, 2004, by Committee Substitute for Ordinance No. 040722 approved the DESA Plan and the DESA Project; and

WHEREAS, the City is authorized under the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, inclusive, of the Revised Statutes of Missouri, as amended (the “**TIF Act**”), to approve redevelopment plans, establish a special allocation fund and pledge such fund to the repayment of obligations issued to finance such redevelopment plans; and

WHEREAS, after all proper notice was given, the Tax Increment Financing Commission of Kansas City, Missouri (the “**TIF Commission**”) held a public hearing and after receiving the comments of all interested persons and taxing districts with respect to the 1200 Main/South Loop Tax Increment Redevelopment Plan, closed such public hearing on January 14, 2004, adopted its Resolution No. 01-10-04 recommending to the City Council the approval of the 1200 Main/South Loop Tax Increment Financing Plan (the “**TIF Plan**,” together with the DESA Plan, the “**Redevelopment Plans**”); and

WHEREAS, the City Council of the City on March 4, 2004, by Ordinance No. 040154 approved the TIF Plan; and

WHEREAS, the City and Kansas City Live, LLC, a Maryland limited liability company (the “**Redeveloper**”), have entered into a Master Development Agreement, dated April 27, 2004, as thereafter amended from time to time (the “**Development Agreement**”), to implement the Redevelopment Plans through the joint efforts of the City, the Redeveloper, the TIF Commission and DESA; and

WHEREAS, the TIF Commission and DESA each approved the Development Agreement with the Redeveloper and have each become party to the Development Agreement pursuant to a Joinder Agreement, dated as of December 15, 2004, by and among the City, the Redeveloper and the TIF Commission and pursuant to a Joinder Agreement dated as of December 15, 2004, by and among the City, the Redeveloper and DESA respectively; and

WHEREAS, the TIF Commission, DESA, the City and the Redeveloper have implemented Project 1 of the TIF Plan and the DESA Project, which include the creation of a retail/entertainment district which includes restaurants, night clubs, bars, theaters, attractions, retail, residential and office components and relating parking and other improvements, together with necessary infrastructure improvements and the construction of public parking facilities within the retail/entertainment district (the “**Kansas City Downtown Redevelopment District Project**”); and

WHEREAS, pursuant to that certain Indenture of Trust, dated March 1, 2005, as amended and supplemented by a First Supplemental Indenture of Trust, dated as of July 1, 2006 (collectively, the “**Original Indenture**”), The Industrial Development Authority of the City of Kansas City, Missouri (the “**Authority**”) has previously issued its Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A in the aggregate principal amount of \$115,015,000 (the “**Series 2005A Bonds**”), its Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005B in the aggregate principal amount of \$64,985,000 (the “**Series 2005B Bonds**” and with the Series 2005A Bonds, the “**Series 2005 Bonds**”), its Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2006A in the aggregate principal amount of \$69,500,000 (the “**Series 2006A Bonds**”) and its Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2006B in the aggregate principal amount of \$45,500,000 (the “**Series 2006B Bonds**” and with the Series 2006A Bonds, the “**Series 2006 Bonds**”) for the purposes described in the Original Indenture; and

WHEREAS, in order to set forth the terms of their respective rights, duties and obligations, the City entered into (i) a Cooperative Agreement by and between the City and the TIF Commission; (ii) a Cooperative Agreement dated as of March 1, 2005 by and between the City and DESA (the “**Original DESA Cooperative Agreement**”), and (iii) a Cooperative Agreement by and between the City and a Transportation Development District (the “**TDD**”) (collectively, and as amended, the “**Cooperative Agreements**”) which set forth their roles and responsibilities in connection with the implementation of the Project and the payment of debt service on the Series 2005 Bonds and Series 2006 Bonds; and

WHEREAS, on December 9, 2004, the City Council authorized the execution and delivery of a Financing Agreement dated as of March 1, 2005 (the “**2005 Financing Agreement**”) pursuant to which it assigned its rights under the Cooperative Agreements, and other credit enhancement documents related to the Series 2005 Bonds pursuant to Committee Substitute for Ordinance No. 041302; and

WHEREAS, on March 30, 2006, the City Council authorized the execution and delivery of a Financing Agreement dated as of June 1, 2006 (the “**2006 Financing Agreement**” and collectively with the 2005 Financing Agreement and the supplements thereto, the “**Financing Agreement**”) pursuant to Ordinance No. 060342 pursuant to which the City ratifies its prior assignment of the Cooperative Agreements and other credit enhancement documents and agrees, subject to annual appropriation, to make additional payments if necessary to pay debt service on the Series 2006 Bonds; and

WHEREAS, the Authority, at the request of the City and with the consent of the Bond Insurer and the Liquidity Facility Provider (as defined in the Original Indenture), amended the Original Indenture pursuant to the Amended and Restated Indenture of Trust dated as of June 1, 2007 (the “**Amended and Restated Indenture**”) to facilitate a restructuring of the Series 2005A Bonds, the Series 2005B Bonds, the Series 2006A Bonds and the Series 2006B Bonds; and

WHEREAS, the Series 2005A Bonds were restructured and converted to a fixed rate of interest in the principal amount of \$114,915,000 pursuant to the Series 2005A Series Supplement dated June 6, 2007 (the “**Series Supplement**”); and

WHEREAS, the Authority issued its Tax-Exempt Refunding Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2011A (the “**Series 2011A Bonds**”) to refund the Series 2005B Bonds, the Series 2006A Bonds and the Series 2006B Bonds, which Series 2011A Bonds were issued in a fixed interest rate pursuant to the terms and provisions of the Third Supplemental Indenture dated as of June 1, 2011 (the “**Third Supplemental Indenture**”) amending the Amended and Restated Indenture; and

WHEREAS, the proceeds of the Series 2005A Bonds, pursuant to the Amended and Restated Indenture and the Series Supplement, were used solely for authorized Development Project Costs within the meaning of the DESA Act and the DESA Plan; and

WHEREAS, in order to set forth the terms of their respective rights, duties and obligations, the City and DESA entered into the Original DESA Cooperative Agreement, which set forth their cooperative agreement regarding the funding of the repayment of the Series 2005A Bonds and any additional bonds issued to finance DESA Plan Costs (“**DESA-Qualified Additional Bonds**”); and

WHEREAS, the City has determined that it is in the best interest of the City to refund and defease the Series 2005A Bonds with the proceeds of the City’s Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the “**Series 2017C Bonds**”) to be issued pursuant to this Indenture; and

WHEREAS, at the request of the City, DESA agreed to assist in the refunding of the Series 2005A Bonds and approved an amendment to the Original Cooperative Agreement pursuant to the First Supplement to Cooperative Agreement dated as of March 1, 2017 between the City and DESA to provide that the revenues generated pursuant to the DESA Act and pledged pursuant to the Original Cooperative Agreement will be available to pay debt service on the Series 2017C Bonds; and

WHEREAS, at the request of the City, the Authority and the Trustee have entered into the Fourth Supplemental Indenture of even date herewith (the “**Fourth Supplemental Indenture**”), amending the Amended and Restated Indenture to recognize the defeasance of the Series 2005A Bonds and to remove the DESA Revenues from the stream of revenues available to pay debt service on bonds issued under the Amended and Restated Indenture, as amended; and

WHEREAS, so long as the Series 2011A Bonds remain outstanding under the Amended and Restated Indenture as amended by the Third Supplemental Indenture, TIF Revenues and TDD Revenues will continue to secure such Series 2011A Bonds thereunder, however, in order to provide for the possibility that in the future TIF Revenues and TDD Revenues may be available to secure the Series 2017C Bonds and any Additional Bonds issued under this Indenture, this Indenture provides for the application of such revenues hereunder when and if available; and

WHEREAS, pursuant to the Ordinance, the City is authorized to issue the Series 2017C Bonds in the original aggregate principal amount of \$90,030,000, the proceeds of which Series 2017C Bonds will be used to provide funds (a) to advance refund all Series 2005A Bonds outstanding in the principal amount of \$96,040,000 and (b) to pay certain costs related to the issuance of the Series 2017C Bonds, all as more fully described herein; and

WHEREAS, all things necessary to make the Series 2017C Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid, legal and binding obligations of the City, and to constitute this Indenture a valid, legal and binding pledge and assignment of the property, rights, interests and revenues made herein for the security of the payment of the Series 2017C Bonds, have been done and performed, and the execution and delivery of this Indenture and the execution and issuance of the Series 2017C Bonds, subject to the terms of this Indenture, have in all respects been duly authorized.

NOW THEREFOR, THIS TRUST INDENTURE WITNESSETH, that in consideration of the premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, the City and the Trustee agree for the benefit of the Bondholders, as follows:

GRANTING CLAUSES

To declare the terms and conditions upon which the Series 2017C Bonds are to be authenticated, issued and delivered and to secure the payment of all of the Bonds issued and Outstanding under this Indenture from time to time according to their tenor and effect and to secure the performance and observance by the City of all the covenants, agreements and conditions contained in this Indenture and in the Series 2017C Bonds, and in consideration of the premises, the acceptance by the Trustee of the trusts created by this Indenture, the purchase and acceptance of the Series 2017C Bonds by the owners thereof, the City hereby transfers in trust, pledges and assigns to the Trustee, and hereby grants a security interest to the Trustee in, the property described in paragraphs (a), (b) and (c) below (said property referred to herein as the "Trust Estate"):

- (a) All Appropriated Moneys;
- (b) All moneys and securities (except moneys and securities held in the Rebate Fund) from time to time held by the Trustee under the terms of this Indenture; and
- (c) Any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under this Indenture by the City or by anyone in its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

The Trustee shall hold in trust and administer the Trust Estate, upon the terms and conditions set forth in this Indenture for the equal and pro rata benefit and security of each and every owner of Series 2017C Bonds, without preference, priority or distinction as to participation in the lien, benefit and protection of this Indenture of one Series 2017C Bond over or from the others, except as otherwise expressly provided herein.

NOW, THEREFORE, the City covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective owners of the Series 2017C Bonds, that all Series 2017C Bonds are to be issued, authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the further covenants, conditions and trusts hereinafter set forth, as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 101. Definitions of Words and Terms.

For all purposes of this Indenture, except as otherwise provided or unless the context otherwise requires, the following words and terms used in this Indenture shall have the following meanings:

“*Additional Bonds*” means any Additional Bonds, including refunding bonds, issued by the City pursuant to **Section 210** of this Indenture.

“*Appropriated Moneys*” means moneys of the City which have been annually appropriated by the City or which are deposited to the Revenue Fund created hereunder and available to pay the principal of and interest due on the Bonds and other payments described in the Indenture.

“*Authority*” means The Industrial Development Authority of the City of Kansas City, Missouri.

“*Bond Issuance Date,*” for the Series 2017C Bonds means March 23, 2017.

“*Bondowner,*” “*Owner,*” “*Bondholder*” or “*Holder*” means, as of any time, the registered owner of any Series 2017C Bond and any Additional Bonds issued under this Indenture as shown in the register kept by the Trustee as bond registrar.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement between the City and the Original Purchaser of the Series 2017C Bonds.

“*Bonds*” has the meaning set forth under the definition of the Series 2017C Bonds and any Additional Bonds issued pursuant to this Indenture.

“*Business Day*” means a day, other than a Saturday or Sunday, on which the Trustee and any Paying Agent shall be scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

“*Cede & Co.*” means Cede & Co., as nominee of The Depository Trust Company, New York, New York.

“*City*” or “*Issuer*” means the City of Kansas City, Missouri.

“*City Revenue Account*” means the account by that name in the Revenue Fund created pursuant to this Indenture.

“*City Revenues*” means all moneys appropriated by the City other than TIF Revenues and Super TIF Revenues and deposited in the City Revenue Account of the Revenue Fund to be used to make Debt Service Payments.

“*Continuing Disclosure Undertaking*” means the Continuing Disclosure Undertaking dated as of March 1, 2017, of the City, as from time to time amended in accordance with the provisions thereof.

“*Cooperative Agreements*” means (i) the Cooperative Agreement dated as of March 1, 2005 by and between the City and the TIF Commission, (ii) the Cooperative Agreement dated as of March 1, 2005, by and between the City and DESA, as supplemented by the First Supplement to Cooperative Agreement dated as of March 1, 2017, and (iii) the Intergovernmental Agreement dated as of August 26, 2008, by and between the City and the TDD.

“*Costs of Issuance*” means issuance costs with respect to the Series 2017C Bonds described in Section 147(g) of the Internal Revenue Code, including but not limited to the following:

- (a) underwriters’ spread (whether realized directly or derived through purchase of Bonds at a discount below the price at which they are expected to be sold to the public);
- (b) counsel fees (including bond counsel, underwriter’s counsel, disclosure counsel, City’s counsel, as well as any other specialized counsel fees incurred in connection with the borrowing);
- (c) financial advisor fees of any financial advisor to the City incurred in connection with the issuance of the Series 2017C Bonds;
- (d) rating agency fees;
- (e) trustee, escrow agent and paying agent fees;
- (f) accountant fees and other expenses related to issuance of the Series 2017C Bonds;
- (g) printing costs (for the Series 2017C Bonds and of the preliminary and final Official Statement relating to the Series 2017C Bonds); and
- (h) other fees and expenses of the City incurred in connection with the issuance of the Series 2017C Bonds.

“*Costs of Issuance Fund*” means the fund by that name created by **Section 401** of this Indenture.

“*Bond Fund*” means the fund by that name created by **Section 401** of this Indenture.

“*Debt Service Payments*” means any payment of principal, redemption premium, if any, and interest on the Bonds.

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

“*Defeasance Obligations*” means:

- (a) Government Obligations which are not subject to redemption prior to maturity;
or
- (b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations); or
- (c) Pre-refunded municipal obligations meeting the requirements of paragraph (g) of the definition of Permitted Investments; or
- (d) Obligations issued by the following agencies which are backed by the full faith and credit of the United States: (i) U.S. Export-Import Bank (Eximbank), Direct obligations or fully guaranteed certificates of beneficial ownership; (ii) Farmers Home Administration (FmHA), Certificates of beneficial ownership; (iii) Federal Financing Bank; (iv) General Services

Administration, Participation certificates; (iv) U.S. Maritime Administration, Guaranteed Title XI financing; (v) U.S. Department of Housing and Urban Development (HUD), Project Notes, Local Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

“*Defeasance of Series 2005A Bonds*” means the defeasance of the Authority’s Series 2005A Bond effectuated through the issuance of the Series 2017C Bonds in accordance with the procedures set forth in the Refunded Bond Indenture.

“*DESA*” means the Downtown Economic Stimulus Authority of Kansas City, Missouri, established by the City pursuant to the DESA Act.

“*DESA Act*” means the Missouri Downtown and Rural Economic Stimulus Act, Sections 99.915 to 99.1060, Revised Statutes of Missouri, as amended.

“*DESA Plan*” means the South Loop Downtown Economic Stimulus Plan approved by the City Council of the City on July 1, 2004, by Committee Substitute for Ordinance No. 040722.

“*DESA Plan Costs*” means those Costs that are reimbursable from DESA Revenues pursuant to the DESA Act and the DESA Plan.

“*DESA Project Area*” means the area described as the Development Project Area from time to time in the DESA Plan.

“*DESA-Qualified Additional Bonds*” means any Additional Bonds issued to finance DESA Plan Costs.

“*DESA Representative*” means a Co-Chairman or the Vice Chairman of DESA, and such other person or persons at the time designated to act on behalf of DESA in matters relating to its Cooperative Agreement as evidenced by a written certificate furnished to the Issuer, the City, the Trustee, the Liquidity Facility and the Bond Insurer containing the specimen signature of such person or persons and signed on behalf of DESA by its Co-Chairman or Vice Chairman. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the DESA Representative.

“*DESA Revenue Account*” means the account by that name in the Revenue Fund created pursuant to **Section 501** hereof.

“*DESA Revenues*” means the State Sales Tax Increment or State Income Tax Increment (each as defined in the DESA Act) or the combination of the amount of each such increment, attributable to the Kansas City Downtown Redevelopment District Project, to the extent disburseable by the Department pursuant to the State Certificate, and pledged to the payment of principal of and interest on the Series 2005A Bonds and any DESA-Qualified Additional Bonds by DESA under its Cooperative Agreement and assigned to the Trustee pursuant to this Indenture.

“*DESA Special Allocation Fund*” means the fund established by the City pursuant to Section 99.957 RSMo.

“*Economic Activity Taxes*” mean fifty percent (50%) of the total additional revenue from taxes which are imposed by other taxing districts (as that term is defined in the TIF Act) and which taxes are generated by economic activities within the TIF Project Area over the amount of such taxes generated by

economic activities within such TIF Project Area in the calendar year preceding the adoption of tax increment financing for the TIF Project Area, but excluding therefrom (i) personal property taxes, (ii) any taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, (iii) taxes levied pursuant to Section 70.500 R.S.Mo., (iv) taxes levied for public transportation pursuant to Section 94.660 R.S.Mo. and (v) licenses, fees or special assessments, other than payments in lieu of taxes, and penalties and interest thereon.

“*Electronic Notice*” means notice given by facsimile transmission or by telephone (promptly confirmed in writing).

“*Escrow Agent*” means UMB Bank, N.A., as Escrow Agent under the Escrow Trust Agreement.

“*Escrow Fund*” means the fund by that name created in the Escrow Trust Agreement.

“*Escrow Trust Agreement*” means the Escrow Trust Agreement dated as of March 1, 2017, by and between the City and the Escrow Agent relating to the Refunded Series 2005A Bonds.

“*Event of Default*” means any event of default as defined in **Section 701** hereof.

“*Event of Nonappropriation*” means failure of the City to budget and appropriate on or before the last day of any Fiscal Year moneys sufficient to pay the debt service payments and additional amounts due under this Indenture and payable during the next Fiscal Year.

“*Financing Documents*” means the Indenture, the Bonds, the Cooperative Agreements, the Purchase Contract, the Development Agreement, the Tax Compliance Agreement, any agreement relating to any bond insurance policy with respect to any Bonds, any agreement relating to any debt service reserve fund insurance policy or debt service reserve fund surety bond with respect to any Bonds, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Financing Documents” are used in the context of the authorization, execution, delivery, approval or performance of Financing Documents by a particular party, the same shall mean only those Financing Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

“*Fund*” means any of the Revenue Fund, including for each Series of Bonds a TIF Revenues Account and a City Revenue Account (and for the Series 2017C Bonds, a DESA Revenue Account and for the Series 2006B Portion of Debt Service, a TDD Revenues Account); the Project Fund containing separate accounts for each applicable Series of Bonds; the Costs of Issuance Fund containing separate accounts for each Series of Bonds; the Bond Fund, including for each Series of Bonds a Bond Account and a Redemption Account; the Capitalized Interest Fund, containing separate accounts for each applicable Series of Bonds and the Rebate Fund.

“*Fiscal Year*” means the City’s fiscal year, which is currently May 1 to April 30, or as it may be hereinafter defined by the City.

“*Government Obligations*” means 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.

“*Indenture*” means the Trust Indenture, dated as of March 1, 2017, between the City and the Trustee, which authorizes the issuance of the City’s Series 2017C Bonds, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of the Indenture.

“*Internal Revenue Code*” means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) thereunder and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

“*Issuer*” means the City of Kansas City, Missouri, a constitutional charter city and political subdivision of the State of Missouri and its successors and assigns.

“*Issuer Representative*” means the City Manager, the Director of Finance, the City Treasurer or any such other person at the time designated to act on behalf of the City as evidenced by a written certificate furnished by the City to the Trustee containing the specimen signature of such person and signed on behalf of the City by the Director of Finance. References to each Issuer Representative shall include any person designated as serving in an acting capacity. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Issuer Representative.

“*Moody’s*” means Moody’s Investors Service, Inc., and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*Moody’s*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City, by notice to the Trustee.

“*Officer’s Certificate*” means a written certificate in the form described in **Section 1104** hereof of the City signed by the Issuer Representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, the City with respect to matters set forth therein.

“*Opinion of Co-Bond Counsel*” means a written opinion in the form described in **Section 1104** hereof of any legal counsel acceptable to the City and the Trustee who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

“*Opinion of Counsel*” means a written opinion in the form described in **Section 1104** hereof of any legal counsel acceptable to the Trustee, who may be an employee of or counsel to the Trustee or the City.

“*Original Purchaser*” means J.P. Morgan Securities LLC, as representative of the underwriters listed in the Bond Purchase Agreement.

“*Outstanding*” means when used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under this Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in **Section 208** of this Indenture;

(b) Bonds for whose payment or redemption money or Government Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the owners of such Bonds as provided in **Section 1001** of this Indenture, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Indenture; and

(d) Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in **Section 207** of this Indenture.

“*Participants*” means those financial institutions for which the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“*Paying Agent*” means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to this Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

“*Payment Date*” means any date on which the principal of or interest on any Bonds is payable.

“*Payments in Lieu of Taxes*” or “*PILOTS*” means the revenues from real property taxes in the TIF Project Area, which revenues are to be used to reimburse Reimbursable Project Costs as defined in the TIF Plan, which taxing districts would have received had the City not adopted tax increment allocation financing within such area, and during the time the current equalized value of real property in the area selected for the redevelopment project exceeds the total initial equalized value of real property in such area until the designation is terminated pursuant to the TIF Plan.

“*Permitted Investments*” means any of the following securities, if and to the extent the same are at the time legal for investment of the moneys held in the funds and accounts listed in the Indenture:

1. United States Treasury Securities (Bills, Notes, Bonds and Strips).
2. United States Agency/GSE Securities. The City may invest in obligations issued or guaranteed by any agency of the United States Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable market value that are described as follows:
 - (a) U.S. Government Agency Coupon and Zero Coupon Securities.
 - (b) U.S. Government Agency Discount Notes.
 - (c) U.S. Government Agency Callable Securities. Restricted to securities callable at par only.
 - (d) U.S. Government Agency Step-Up Securities. The coupon rate is fixed for an initial term. At the step-up date, the coupon rate rises to a new, higher fixed interest rate.

(e) U.S. Government Agency Floating Rate Securities. Restricted to coupons with no interim caps that reset at least quarterly and that float off of only one index.

(f) U.S. Government Agency/GSE Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than five (5) years when analyzed in a +300 basis point interest rate environment.

3. Repurchase Agreements. The City may invest in contractual agreements between the City and commercial banks or primary government securities dealers. The Securities Industry & Financial Markets Association's (or any successor's) guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions as more fully described in the City's investment policy. All repurchase agreement transactions will be either physical delivery or tri-party.

4. Bankers' Acceptances. The City may invest in bankers' acceptances issued by domestic commercial banks possessing the highest credit rating issued by Moody's or Standard & Poor's.

5. Commercial Paper. The City may invest in commercial paper issued by domestic corporations, which has received the highest short-term credit rating issued by Moody's or Standard & Poor's. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars (\$500,000,000) and are not listed on Credit Watch with negative implications by any nationally recognized credit rating agency at the time of purchase.

6. Municipal Securities (State and Local Government Obligations). The City may invest in municipal obligations that are issued in either tax-exempt or taxable form.

(a) Any full faith and credit obligations of the State of Missouri rated at least A or A2 by Standard & Poor's or Moody's.

(b) Any full faith and credit obligations of any city, county or school district in the State of Missouri rated at least AA or Aa2 by Standard & Poor's or Moody's.

(c) Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least A or A2 by Standard & Poor's or Moody's.

(d) Any full faith and credit obligation of any state or territory of the United States of America rated at least AA or Aa2 by Standard & Poor's or Moody's.

(e) Any full faith and credit obligations of any city, county or school district in any state or territory of the United States of America rated AAA or Aaa by Standard & Poor's or Moody's.

(f) Any revenue bonds issued by the Missouri Department of Transportation rated at least AA or Aa2 by Standard & Poor's or Moody's.

(g) Any municipal obligation that is pre-refunded or escrowed to maturity as to both principal and interest with escrow securities that are fully guaranteed by the United States Government, without regard to rating by Standard & Poor's or Moody's.

7. Money Market Mutual Funds. Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, rated in either of the two highest categories by Moody's and Standard & Poor's (in either case without regard to any modifier).

8. Other. Such other investments not described above that are allowed pursuant to Missouri law and approved in the Charter.

References to particular ratings and rating categories in this definition are applicable only at the time of purchase of the Permitted Investments.

“*Person*” means any natural person, firm, association, corporation, partnership, limited liability company, joint stock company, a joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

“*Rating Agency*” means Moody’s or Standard & Poor’s or any other nationally recognized securities rating service.

“*Rebate Fund*” means the fund by that name created for the Bonds by the Indenture.

“*Record Date*” means the 15th day (whether or not a Business Day) of the calendar month next preceding the month in which an interest payment on any Bond is to be made.

“*Redeveloper*” means Kansas City Live, LLC, a Maryland limited liability company, together with its successors and assigns under the Development Agreement.

“*Redeveloper Representative*” means the authorized representative of the Redeveloper designated to act for the Redeveloper by written certificate furnished to the Trustee, containing the specimen signature of such person and signed on behalf of the Redeveloper by an authorized officer thereof.

“*Redevelopment Plans*” means collectively the TIF Plan and the DESA Plan.

“*Refunded Bonds*” means the currently Outstanding The Industrial Development Authority of the City of Kansas City, Missouri, Tax-Exempt Bonds (Kansas City Downtown Redevelopment District) Series 2005A in the principal amount of \$96,040,000 being advance refunded as set out in the Escrow Trust Agreement.

“*Refunded Bond Indenture*” means collectively the Amended and Restated Indenture, the Series Supplement, the Second Series Supplemental Indenture and the Third Supplemental Indenture (as such terms are defined in the recitals hereto), each by and between the Authority and UMB Bank, N.A., as Trustee.

“*Replacement Bonds*” means Bonds issued to the beneficial owners of the Series 2017C Bonds in accordance with **Section 207** hereof.

“*Revenues*” means all TIF Revenues, Super TIF Revenues, DESA Revenues, TDD Revenues, City Revenues and any other amounts credited to the Revenue Fund established in **Section 401** of this Indenture.

“*Securities Depository*” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“*Series 2005A Bonds*” means Authority’s Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A Bonds issued in the original aggregate principal amount of \$115,015,000, which after the Fixed Rate Conversion Date were designated Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A, and reissued in the aggregate principal amount of \$114,915,000.

“*Series 2006B Portion of Debt Service*” means, as of the date hereof, the portion of debt service of the Authority’s Series 2011A Bonds attributable to the refunding of the Series 2006B Bonds, and the portion of debt service of any bonds hereafter issued by the City to refund such portion of the Authority’s Series 2011A Bonds.

“*Series 2011A Bonds*” means the Authority’s Tax-Exempt Refunding Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2011A.

“*Series 2017C Bonds*” means the series of Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), Series 2017C, aggregating the principal amount of \$89,410,000.

“*Series 2017C Costs of Issuance Account*” means the account by that name in the Costs of Issuance Fund established in **Section 401** of this Indenture.

“*Series 2017C Bond Fund*” means the fund by that name created by **Section 401** of this Indenture.

“*Standard & Poor’s*” means Standard & Poor’s Ratings Services, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, Standard & Poor’s shall be deemed to refer to any other nationally recognized securities rating service designated by the City, with notice to the Trustee.

“*State*” means the State of Missouri.

“*State Certificate*” means the Certificate dated as of December 31, 2004, issued by the Department pursuant to Section 99.960, RSMo, approving and authorizing the disbursement of funds in the State Supplemental Downtown Development Fund for deposit into the DESA Special Allocation Fund.

“*State Supplemental Downtown Development Fund*” means the fund by that name to be administered by the Missouri Department of Economic Development pursuant to Section 99.963 RSMo.

“*Super TIF Revenues*” means an amount equal to the 50% of the City’s sales tax revenue and earnings tax revenue attributable to economic activity or earned in the TIF Project Area and which does not constitute economic activity taxes under the TIF Act, which may be appropriated on an annual basis by the City, to be made available for payment of debt service on the Series 2017C Bonds.

“*Supplemental Indenture*” means any indenture supplemental or amendatory to this Indenture entered into by the City and the Trustee pursuant to Article IX of this Indenture.

“*Tax Compliance Agreement*” means the Tax Compliance Agreement between the City and the Trustee relating to the Series 2017C Bonds.

“*TDD-Qualified Additional Bonds*” means any Additional Bonds issued to finance eligible project under the Missouri Transportation Development District Act.

“*TDD Revenues*” means any sales tax revenues generated within the TDD established to finance a portion of the Series 2006B Project.

“*TDD Revenues Account*” means the account by that name created by the Indenture.

“*TIF Act*” means the Real Property Tax Increment Financing Allocation Act, Sections 99.800 to 99.865, inclusive, of the Revised Statutes of Missouri, as amended.

“*TIF Commission*” means the Tax Increment Financing Commission of Kansas City, Missouri.

“*TIF Plan*” means the 1200 Main/South Loop Tax Increment Redevelopment Plan approved by the City Council of the City on March 4, 2004, by Ordinance No. 040154.

“*TIF Plan Costs*” means those Costs that are reimbursable from TIF Revenues pursuant to the TIF Act and the TIF Plan.

“*TIF Project Area*” means the area described as the Redevelopment Project Area 1 in the TIF Plan.

“*TIF Representative*” means the Chairman, President or the Vice President of the TIF Commission, and such other person or persons at the time designated to act on behalf of the TIF Commission in matters relating to its Cooperative Agreement as evidenced by a written certificate furnished to the Issuer, the City and the Trustee containing the specimen signature of such person or persons and signed on behalf of the TIF Commission by its Chairman or Vice Chairman. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the TIF Representative.

“*TIF Revenue Account*” means the account by that name created in the Revenue Fund pursuant to **Section 501** hereof.

“*TIF Revenues*” means the Payments in Lieu of Taxes and the appropriated Economic Activity Taxes, and all proceeds thereof.

“*TIF Special Allocation Fund*” means the fund established by the City pursuant to Section 99.845, RSMo.

“*Transportation Development District*” or “*TDD*” means the 1200 Main/South Loop Transportation Development District, created by order of the Circuit Court of Jackson County, Missouri on December 12, 2006.

“*Transaction Documents*” means this Indenture, the Series 2017C Bonds, the Escrow Trust Agreement, the Official Statement relating to the Series 2017C Bonds, the Continuing Disclosure Undertaking, the Bond Purchase Agreement, the Tax Compliance Agreement and any and all other documents or instruments that evidence or are a part of the transactions referred to in this Indenture, or the Official Statement, or contemplated by this Indenture or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Transaction Documents” are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

“*Trust Estate*” means the Trust Estate described in the Granting Clauses of this Indenture.

“*Trustee*” means UMB Bank, N.A., Kansas City, Missouri, in its capacity as Trustee hereunder, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to and at the time serving as trustee under this Indenture.

Section 102. Rules of Construction.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction apply in construing the provisions of this Indenture:

- (a) The terms defined in this Article include the plural as well as the singular.
- (b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles.
- (c) All references herein to “generally accepted accounting principles” refer to such principles in effect on the date of the determination, certification, computation or other action to be taken hereunder using or involving such terms.
- (d) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to be the designated Articles, Sections and other subdivisions of this instrument as originally executed.
- (e) The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.
- (f) The Article and section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.
- (g) Whenever an item or items are listed after the word “including,” such listing is not intended to be a listing that excludes items not listed.

ARTICLE II

THE SERIES 2017C BONDS

Section 201. Authorization, Principal Amount, and Series Designation.

There are hereby authorized to be issued Bonds entitled to the benefit, protection and security of this Indenture in the aggregate principal amount of Ninety Million Thirty Thousand Dollars (\$90,030,000). Such Bonds shall be designated as Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), Series 2017C. The proceeds of the Series 2017C Bonds shall be used (a) to refund all outstanding Series 2005A Bonds, and (b) to pay certain costs related to the issuance of the Series 2017C Bonds.

The Series 2017C Bonds shall bear interest at the rates and mature in principal amounts set forth below:

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Series 2017C Serial Bonds

Maturity September 1,	Principal Amount	Interest Rate	Maturity September 1,	Principal Amount	Interest Rate
2022	\$6,120,000	5.000%	2029	\$5,755,000	3.250%
2023	6,670,000	5.000	2029	5,040,000	5.000
2024	7,275,000	5.000	2030	4,170,000	3.375
2025	7,895,000	5.000	2030	7,385,000	5.000
2026	8,570,000	5.000	2031	5,525,000	5.000
2027	9,285,000	5.000	2032	5,675,000	5.000
2028	10,045,000	5.000			

The Series 2017C Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their dated date or from the most recent Payment Date to which interest has been paid or duly provided for, payable on March 1 and September 1 of each year, beginning on September 1, 2017.

The Series 2017C Bonds shall be executed in the manner set forth herein and delivered to the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of the Series 2017C Bonds by the Trustee the following documents shall be filed with the Trustee:

(a) A copy, certified by the City Clerk of the City, of the Ordinance passed by the City authorizing the issuance of the Series 2017C Bonds and the execution of this Indenture and any other Transaction Documents to which it is a party.

(b) An original executed counterpart of this Indenture and other Transaction Documents.

(c) A request and authorization to the Trustee on behalf of the City, executed by the Issuer Representative, to authenticate the Series 2017C Bonds and deliver said Bonds to the purchasers therein identified upon payment to the Trustee, for the account of the City, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amounts of such purchase price.

(d) Opinions of Co-Bond Counsel relating to each series of Bonds, dated the Bond Issuance Date.

(e) Such other certificates, statements, opinions, receipts and documents required by any of the Transaction Documents or as Co-Bond Counsel or the Trustee or counsel shall reasonably require for the delivery of the Series 2017C Bonds.

When the documents specified above have been filed with the Trustee, and when the Series 2017C Bonds shall have been executed and authenticated as required by this Indenture, the Trustee shall deliver the Series 2017C Bonds to or upon the order of the Original Purchaser thereof, but only upon payment to the Trustee of the purchase price of the Series 2017C Bonds. The proceeds of the sale of the Series 2017C Bonds, including accrued interest and premium thereon, if any, shall be immediately paid over to the Trustee, and the Trustee shall deposit and apply such proceeds as provided in **Article IV** hereof.

Section 202. Method and Place of Payment.

The principal of, redemption premium, if any, and interest on the Series 2017C Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

The principal of and the redemption premium, if any, on all Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond register maintained by the Trustee at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the principal corporate trust office of the Trustee or of any Paying Agent named in the Series 2017C Bonds.

The interest payable on each Bond on any Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond register at the close of business on the Record Date for such interest, (a) by check or draft mailed to such registered owner at such owner's address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such owner, or (b) at the written request addressed to the Trustee by any owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to such owner upon written notice to the Trustee from such owner containing the electronic transfer instructions (which shall be in the continental United States) to which such owner wishes to have such transfer directed and such written notice is given by such owner to the Trustee not less than 15 days prior to the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Interest on any Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the owner of such Bond on the relevant Record Date and shall be payable to the owner in whose name such Bond is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The City shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the owners of the Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds, the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each owner of a Bond entitled to such notice at the address of such owner as it appears on the bond register not less than 10 days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 203. Form, Denomination, Numbering and Dating.

The Bonds of each series issued under this Indenture shall be issuable as fully registered bonds without coupons in substantially the form set forth in **Exhibit A** attached to this Indenture, in each case with such necessary or appropriate variations, omissions and insertions as are permitted or required by this Indenture or any Supplemental Indenture. The Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any custom, usage or requirement of law with respect thereto.

The Bonds shall be issuable in the denomination of \$5,000 or any integral multiple thereof. In the absence of any such provision with respect to the Bonds of any particular series, the Bonds of such series shall be of the denominations of \$5,000 and any integral multiple thereof.

The Bonds of each series shall be numbered from R-1 consecutively upward in order of issuance or in such other manner as the Trustee shall designate. In the absence of any such provision with respect to the Bonds of any particular series, the Bonds of such series shall be numbered R-1 and upward or in such other manner as the Trustee shall designate.

The Series 2017C Bonds shall be dated as provided in **Section 202** of this Indenture. In the absence of any such provision with respect to the Bonds of any particular series, the Bonds of such series shall be dated the date of their original authentication and delivery.

Section 204. Execution and Authentication.

The Series 2017C Bonds shall be executed on behalf of the City by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, and shall have the seal of the City affixed thereto or imprinted thereon. If any officer whose manual or facsimile signature appears on any Bonds shall cease to hold such office before the authentication and delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such person had remained in office until delivery. Any Bond may be signed by such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

No Bond shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form provided for in **Exhibit A** hereto, executed by the Trustee by manual signature of an authorized officer or signatory of the Trustee, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly authenticated and delivered hereunder. At any time and from time to time after the execution and delivery of this Indenture, the City may deliver Bonds executed by the City to the Trustee for authentication and the Trustee shall authenticate and deliver such Bonds as in this Indenture provided and not otherwise.

Section 205. Registration, Transfer and Exchange.

The Trustee shall cause to be kept at its principal corporate trust office a register (referred to herein as the "bond register") in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration, transfer and exchange of Bonds as herein provided. The Trustee is hereby appointed "bond registrar" for the purpose of registering Bonds and transfers of Bonds as herein provided.

Bonds may be transferred or exchanged only upon the bond register maintained by the Trustee as provided in this Section. Upon surrender for transfer or exchange of any Bond at the principal corporate trust office of the Trustee, the City shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same maturity, of any authorized denominations and of a like aggregate principal amount.

Every Bond presented or surrendered for transfer or exchange shall (if so required by the City or the Trustee, as bond registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the City and the Trustee, as bond registrar, duly executed by the owner thereof or such owner's attorney or legal representative duly authorized in writing.

All Bonds surrendered upon any exchange or transfer provided for in this Indenture shall be promptly cancelled by the Trustee and thereafter disposed of as required by applicable law.

All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the City, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such transfer or exchange.

No service charge shall be made for any registration, transfer or exchange of Bonds, but the Trustee or Securities Depository may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, and such charge shall be paid before any such new Bond shall be delivered. The fees and charges of the Trustee for making any transfer or exchange and the expense of any bond printing necessary to effect any such transfer or exchange shall be paid by the City. In the event any registered owner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may impose a charge against such registered owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Internal Revenue Code, such amount may be deducted by the Trustee from amounts otherwise payable to such registered owner hereunder or under the Series 2017C Bonds.

The Trustee shall not be required (a) to transfer or exchange any Bond during a period beginning at the opening of business 15 days before the day of the first publication or the mailing (if there is no publication) of a notice of redemption of such Bond and ending at the close of business on the day of such publication or mailing, or (b) to transfer or exchange any Bond so selected for redemption in whole or in part, during a period beginning at the opening of business on any Record Date for such series of Bonds and ending at the close of business on the relevant interest payment date therefor.

The Person in whose name any Bond shall be registered on the bond register shall be deemed and regarded as the absolute owner thereof for all purposes, except as otherwise provided in this Indenture, and payment of or on account of the principal of and premium, if any, and interest on any such Bond shall be made only to or upon the order of the registered owner thereof or such owner's legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Trustee will keep on file at its principal corporate trust office a list of the names and addresses of the last known owners of all Bonds and the serial numbers of such Bonds held by each of such owners. At reasonable times and under reasonable regulations established by the Trustee, the list may be inspected and copied by the City, or the owners of 10% or more in principal amount of Bonds Outstanding or the authorized representative thereof, provided that the ownership of such owner and the authority of any such designated representative shall be evidenced to the satisfaction of the Trustee.

Section 206. Temporary Bonds.

Pending the preparation of definitive Bonds, the City may execute, and upon request of the City the Trustee shall authenticate and deliver, temporary Bonds which are printed, lithographed, typewritten, or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are issued, with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Bonds may determine, as evidenced by their execution of such Bonds. If temporary Bonds are issued, the City will cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds at the principal corporate trust office of the Trustee, without charge to the owner. Upon surrender for cancellation of any one or more temporary Bonds, the City shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Bonds of authorized denominations. Until so exchanged, temporary Outstanding Bonds shall in all respects be entitled to the security and benefits of this Indenture.

Section 207. Mutilated, Destroyed, Lost and Stolen Bonds.

If (a) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the City and the Trustee such security or indemnity as may be required by the Trustee to save the Trustee and the City harmless, then, in the absence of notice to the Trustee that such Bond has been acquired by a bona fide purchaser, the City shall execute and upon its request the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the City in its discretion may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond under this Section, the City and the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

Every new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond, shall constitute an original additional contractual obligation of the City, whether or not the destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Indenture equally and ratably with all other Outstanding Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

Section 208. Cancellation of Bonds.

All Bonds surrendered for payment, redemption, transfer, exchange or replacement, if surrendered to the Trustee, shall be promptly cancelled by the Trustee, and, if surrendered to any Paying Agent other than the Trustee, shall be delivered to the Trustee and, if not already cancelled, shall be promptly cancelled by the Trustee. The City may at any time deliver to the Trustee for cancellation any Bonds previously authenticated and delivered hereunder, which the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Trustee. No Bond shall be authenticated in lieu of or in exchange for any Bond cancelled as provided in this Section, except as expressly provided by this Indenture. All cancelled Bonds held by the Trustee shall be disposed of in accordance with applicable law.

Section 209. Book-Entry Bonds; Securities Depository.

The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no beneficial owner will receive certificates representing their respective interests in the Bonds, except in the event the Trustee issues Replacement Bonds as provided in this Section. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Trustee authenticates and delivers Replacement Bonds to the beneficial owners as described in this Section. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of the Securities Depository, the Trustee and the Issuer may treat the Securities Depository (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, giving any notice permitted or required to be given to Owners of Bonds under this Indenture, registering the transfer of Bonds, and all notices required to be given to Owners of Bonds may be sent by electronic means.

If the City determines (a)(i) that the Securities Depository is unable to properly discharge its responsibilities, or (ii) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (iii) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any bondowner other than the Securities Depository is no longer in the best interests of the beneficial owners of the Bonds, or (b) if the Trustee receives written notice from Participants having interests in not less than 50% of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any bondowner other than the Securities Depository is no longer in the best interests of the beneficial owners of the Bonds, then the Trustee shall notify the bondowners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Trustee shall register in the name of and authenticate and deliver Replacement Bonds to the beneficial owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(i) or (a)(ii) of this paragraph, the City, with the consent of the Trustee, may select a successor Securities Depository in accordance with the following paragraph to effect book-entry transfers. In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the City, the Trustee or bondowners are unable to locate a qualified successor of the Securities Depository in accordance with the following paragraph, then the Trustee shall authenticate and cause delivery of Replacement Bonds to bondowners, as provided herein. The Trustee may rely on information from the Securities Depository and its Participants as to the names, addresses and principal amounts held of the beneficial owners of the Bonds. The cost of printing, registration, authentication, payment, transfer and delivery of Replacement Bonds shall be paid for by the City.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the City may appoint a successor Securities Depository provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a

securities depository upon reasonable and customary terms. The Trustee upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

Section 210. Additional Bonds.

Additional Bonds may be issued under and equally and ratably secured by this Indenture on a parity with any or all series of Bonds, provided however, that DESA Revenues are to be used only for repayment of DESA-Qualified Additional Bonds and TDD Revenues are to be used only for repayment of TDD-Qualified Additional Bonds. Except as otherwise provided in this Section, such Additional Bonds may be issued only at the written direction of the City at any time and from time to time, upon compliance with the conditions set forth in this Section for any purpose authorized under the Act.

So long as no event has occurred and is continuing which, with the passage of time or otherwise, would become an Event of Default under this Indenture (unless such Additional Bonds are Refunding Bonds or are being issued to cure such event), Additional Bonds may be issued under and equally and ratably secured by this Indenture on a parity with the Series 2017C Bonds and any other outstanding Additional Bonds, at any time and from time to time upon compliance with the conditions provided in this Section, for the purpose of (i) paying the Costs of completing the Project, such cost to be evidenced by a certificate signed by an Issuer Representative, or (ii) refunding all or any portion of the Authority's Tax-Exempt Refunding Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2011A. Additional Bonds may also be issued for the purpose of providing funds for refunding all or any part of the Bonds issued to finance a portion of the Kansas City Downtown Redevelopment District project, including the payment of any redemption premium thereon and interest to accrue to the designated Redemption Date and any expenses in connection with such refunding.

1. Before any Additional Bonds shall be issued, the City shall adopt an ordinance authorizing the issuance of such Additional Bonds, fixing the amount and terms thereof and describing the purpose or purposes for which such Additional Bonds are being issued, authorizing the City to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds, and, if necessary, authorizing the City to enter a Cooperative Agreement or other security instruments, to provide for the use of the proceeds of such Additional Bonds and payments at least sufficient to pay the principal of, and redemption premium, if any, and interest on, the Bonds then to be Outstanding as the same become due and such other matters as are appropriate because of the issuance of such Additional Bonds.

2. Such Additional Bonds shall have the same designation as the Series 2017C Bonds, except for an identifying Series letter or date and except, if appropriate, for the substitution of the word "Refunding" in lieu of "Improvement" in the case of Refunding Bonds, shall be numbered, shall bear interest at such rate or rates not exceeding the maximum rate then permitted by law, shall be stated to mature and shall be redeemable at such times and prices (subject to Article III hereof), all as may be provided by the Supplemental Indenture authorizing such Additional Bonds. Except as to any difference in the Dated Date, the Stated Maturities, the rate or rates of interest or the provisions for redemption, such Additional Bonds shall be entitled to the same benefit and security of this Indenture as the Series 2017C Bonds. No Refunding Bonds shall be issued to refund all or a portion of Bonds Outstanding, unless such Outstanding Bonds shall be deemed defeased under this Indenture upon completion of such refunding and the total debt service due shall be no greater than such total debt service that would have been due without the refunding of such Outstanding Bonds.

Such Additional Bonds shall be executed in the manner set forth in **Section 204** hereof and shall be deposited with the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of such Additional Bonds by the Trustee, and as a condition precedent thereto, there shall be filed with the Trustee the following:

(a) A copy, certified as true and correct by the clerk of the City, of the Ordinance adopted by the City authorizing the issuance of such Additional Bonds and the execution of the Supplemental Indenture and supplements to any other Financing Documents as may be necessary.

(b) An original executed counterpart of the Supplemental Indenture, executed by the City and the Trustee, authorizing the issuance of the Additional Bonds, specifying, among other things, the terms thereof.

(c) An Officer's Certificate stating that (1) no event of default under the Indenture has occurred and is continuing and that no event has occurred and is continuing which with the lapse of time or giving of notice, or both, would constitute such an event of default, and (2) stating the purpose or purposes for which such Additional Bonds are being issued.

(d) A request and authorization to the Trustee, on behalf of the City, executed by an Issuer Representative, to authenticate the Additional Bonds and deliver such Additional Bonds to the purchasers therein identified upon payment to the Trustee, for the account of the City, of the purchase price thereof, as therein specified. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amounts of such purchase price.

(e) An Opinion of Co-Bond Counsel addressed to the City and the Trustee to the effect that all requirements for the issuance of such Additional Bonds have been met.

(f) Such other certificates, statements, receipts and documents required by any of the Financing Documents or as the City or the Trustee shall reasonably require for the delivery of the Additional Bonds.

When the documents specified above have been filed with the Trustee, and when such Additional Bonds have been executed and authenticated as required by this Indenture, the Trustee shall deliver such Additional Bonds to or upon the order of the purchasers thereof, but only upon payment to the Trustee of the purchase price of such Additional Bonds, as specified in the request and authorization of the City. The proceeds of the sale of such Additional Bonds, including accrued interest and premium thereon, if any, shall be immediately paid over to the Trustee and shall be deposited and applied by the Trustee as provided in **Article IV** hereof and in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

To be designated as DESA-Qualified Additional Bonds, the proceeds of Additional Bonds authorized pursuant to this Section must be used to finance DESA Plan Costs and to be designated as TDD-Qualified Additional Bonds, the proceeds of Additional Bonds must be used to finance eligible project under the Missouri Transportation District Development Act.

Nothing in this Indenture shall prohibit the City from issuing bonds for any permissible purpose under separate indentures of trust.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption of Bonds Generally.

The Series 2017C Bonds are subject to redemption prior to maturity in accordance with their terms and the terms and provisions set forth in this Article.

Section 302. Redemption of Series 2017C Bonds.

The Series 2017C Bonds are subject to optional redemption as follows:

Optional Redemption. The Series 2017C Bonds maturing on September 1, 2028, and thereafter are subject to redemption and payment prior to maturity at the option of the City on and after September 1, 2027, as a whole or in part at any time from maturities selected by the City, at the redemption price equal to the principal amount thereof, plus accrued interest to the Redemption Date.

Section 303. Election to Redeem; Notice to Trustee.

In case of any redemption at the election of the City, the City shall, at least 45 days prior to the redemption date fixed by the City (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 Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of this Indenture pursuant to which such Bonds are to be called for redemption.

The foregoing provisions of this Section shall not apply in the case of any mandatory redemption of Bonds under this Indenture, 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 City and whether or not the Trustee shall hold in the applicable Bond Fund moneys available and sufficient to effect the required redemption.

Section 304. Selection by Trustee of Bonds To Be Redeemed.

Bonds may be redeemed only in the principal amount of \$5,000 (or other authorized denomination of the Bonds of any series specified in the Supplemental Indenture authorizing such series of Bonds) or any integral multiple thereof.

If less than all Bonds of any maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Trustee from the Bonds of such maturity which have not previously been called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions equal to \$5,000 (or other minimum authorized denomination of the Bonds of such series) of the principal of Bonds of a denomination larger than \$5,000 (or such other minimum authorized denomination).

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

Section 305. Notice of Redemption.

Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Trustee on behalf of the City 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 Bonds to be redeemed at the address shown on the bond register.

All official notices of redemption shall be dated and shall state:

- (a) the redemption date;
- (b) the redemption price;
- (c) the principal amount of Bonds of the series to be redeemed and, if less than all Bonds of a maturity of a series are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts, numbers and maturity dates) of the Bonds to be redeemed;
- (d) 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
- (e) the place where the 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 Bonds to receive notice given as provided in this Section, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any owner receives such notice.

In addition to the foregoing notice, further notice shall be given by the Trustee on behalf of the City at least two days before the date of mailing of such notice (i) to the registered owners by registered or certified mail or overnight delivery service, (ii) to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and (iii) to one or more national information services that disseminate notices of redemption of obligations such as the Bonds. Each further notice of redemption given shall contain the information required above for an official notice of redemption plus (a) the CUSIP numbers of all Bonds being redeemed; (b) the date of issue of the Bonds as originally issued; (c) the rate of interest borne by each Bond being redeemed; (d) the maturity date of each Bond being redeemed; and (e) any other descriptive information needed to identify accurately the Bonds being redeemed. No defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

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

With respect to optional redemptions, such notice may be conditioned upon moneys being on deposit with the Paying Agent on or prior to the redemption date in an amount sufficient to pay the redemption price on the redemption date.

Section 306. Deposit of Redemption Price.

On or before any redemption date, the City shall deposit with the Trustee or with a Paying Agent, an amount of money sufficient to pay the redemption price of all the Bonds which are to be redeemed on that date. Such money shall be held in trust for the benefit of the Persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

Section 307. Bonds Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the 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 City 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 City at the redemption price. Installments of interest with a due date on or prior to the redemption date shall be payable to the owners of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds and the provisions of **Section 202**.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear or have enclosed the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, or as otherwise provided under **Section 308** in lieu of surrender, the principal (and premium, if any) shall, until paid, bear interest from the redemption date at the rate prescribed therefor in the Bond.

Section 308. Bonds Redeemed in Part.

Any Bond which is to be redeemed only in part shall be surrendered at the place of payment therefor, and the City shall execute and the Trustee shall authenticate and deliver to the owner of such Bond, without service charge, a new Bond or Bonds of the same series and maturity of any authorized denomination or denominations as requested by such owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered. If the owner of any such Bond shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, said Bond shall, nevertheless, become due and payable on the redemption date to the extent of the \$5,000 (or other denomination) unit or units of principal amount called for redemption (and to that extent only).

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

ARTICLE IV

FUNDS AND ACCOUNTS AND APPLICATION OF BOND PROCEEDS AND OTHER MONEYS

Section 401. Creation of Funds and Accounts.

There are hereby created and ordered to be established in the custody of the Trustee the following special trust funds in the name of the City to be designated as follows:

- (a) Costs of Issuance Fund, including a Series 2017C Costs of Issuance Account,
- (b) Series 2017C Bond Fund,
- (c) Refunding Fund,
- (d) Revenue Fund and within such fund separate and segregated trust accounts designed as the "TIF Revenues Account," "City Revenue Account," the "DESA Revenue Account," the "TDD Revenues Account," and
- (e) Rebate Fund, including a Series 2017C Rebate Account.

In addition the Escrow Fund shall be established with the Escrow Agent pursuant to the Escrow Trust Agreement.

Additional accounts may be established under Section 401(a) to (d) for any additional series of Bonds issued by Supplemental Indenture. The Trustee is authorized to establish separate accounts within such funds or otherwise segregate moneys within such funds, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient, or as the Trustee shall be instructed by the City or pursuant to provisions of supplemental indentures which authorize the issuance of Additional Bonds.

Section 402. Deposit of Bond Proceeds and Other Moneys.

(a) **Series 2017C Bonds.** The net proceeds from the sale of the Series 2017C Bonds, \$100,334,433.70 (representing \$89,410,000 principal amount, plus original issue premium of 11,577,867.30, less original issue discount of \$337,609.25, less Original Purchaser's discount of \$315,824.35), shall be deposited or applied simultaneously with the delivery of the Series 2017C Bonds, as follows:

(i) The sum of \$301,752.13 of the proceeds of the Series 2017C Bonds shall be deposited into the Series 2017C Costs of Issuance Fund.

(ii) The sum of \$100,022,681.57 of the proceeds of the Series 2017C Bonds shall be deposited in the Refunding Fund to be transferred to the Escrow Fund under the Escrow Trust Agreement.

(iii) There shall be paid to the Trustee and deposited in the Rebate Fund an amount equal to \$10,000.00 of the proceeds of the Series 2017C Bonds, to be applied to the cost of rebate calculations; provided that if such funds are not needed for such purpose in whole or in part, such funds shall be transferred to the Series 2017C Bond Fund.

Section 403. Costs of Issuance Fund.

The moneys on deposit in the Series 2017C Costs of Issuance Fund shall be disbursed by the Trustee from time to time, upon receipt of written disbursement requests of the City in substantially the form of **Exhibit B** hereto and signed by the Issuer Representative, in amounts equal to the amount of Costs of Issuance certified in such written requests. At such time as the Trustee is furnished with an Officer's Certificate from the City stating that all Costs of Issuance have been paid, and in any case not later than six months from the date of original issuance of the Series 2017C Bonds, unless waived by the City, the Trustee shall transfer any moneys remaining in the Costs of Issuance Fund to the Bond Fund. The execution of any disbursement request by an Issuer Representative shall constitute an irrevocable determination that all conditions precedent to the payments requested have been completed.

Section 404. Transfer of Appropriated Moneys by City.

Subject to annual appropriation, not less than three (3) Business Day prior to each Payment Date, the City shall transfer to the Trustee Appropriated Moneys sufficient to make the following deposits to the funds and accounts created under this Indenture and the Trustee shall deposit such Appropriated Moneys received from the City as follows:

(a) *First*, for transfer to the Rebate Fund, an amount sufficient to pay rebate on the Bonds, if any, to the United States of America, owed under Section 148 of the Internal Revenue Code, as directed in writing by the City in accordance with the Tax Compliance Agreement;

(b) *Second*, for transfer to the Bond Fund an aggregate amount sufficient, taking into account amounts already on deposit therein, to pay the principal of and interest on the Bonds on the next succeeding Payment Date and, if so directed by the City, to pay such amount of the principal of and interest due on the Bonds in the then-current Fiscal Year as the City shall direct; and

(c) *Third*, for payment to the Trustee or any Paying Agent, an amount sufficient for payment of any fees and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the City of an invoice for such amounts.

If the amount transferred by the City shall be insufficient to make all such deposits, such Appropriated Moneys will be applied in such amounts and into such funds and accounts as directed by the City.

Section 405. Revenue Fund.

(a) The City shall transfer, or cause to be transferred, any TIF Revenues, DESA Revenues, Super TIF Revenues, City Revenues and TDD Revenues, to the extent that any TIF Revenues, Super TIF Revenues, City Revenues or TDD Revenues are to be made available for payment of the Series 2017C Bonds or any Additional Bonds, to the Trustee for deposit into the Revenue Fund. All TIF Revenues designated as such to the Trustee and transferred to the Trustee shall be deposited in the TIF Revenues Account of the Revenue Fund. All DESA Revenues designated as such to the Trustee and transferred to the Trustee shall be deposited in the DESA Revenues Account of the Revenue Fund. All Super TIF Revenues and funds appropriated by the City from generally available funds of the City (which are not TIF Revenues or DESA Revenues) designated as such to the Trustee and transferred to the Trustee shall be deposited in the City Revenue Account of the Revenue Fund. All TDD Revenues designated as such to the Trustee shall be deposited in the TDD Revenues Account of the Revenue Fund.

(b) Moneys in the Revenue Fund (drawing first from the DESA Revenue Account for transfers only to the Series 2017C Bond Account of the Bond Fund and first from the TDD Revenue Account for transfer only to pay the Series 2006B Portion of Debt Service), second from the TIF Revenues Account and third from the City Revenue Account) shall be applied by the Trustee for the first two purposes listed below on the third Business Day preceding each Interest Payment Date (except as otherwise provided below), and on the first Business Day preceding each Principal Payment Date, or any other appropriate Business Day upon instructions from the City, for the remaining purposes and in the amounts as follows:

First, in accordance with the written direction of the City, to the Trustee or any Paying Agent, an amount sufficient for payment of any reasonable fees and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the City of an invoice for such amounts, and any surveillance fees of the Rating Agencies, provided, however, that City shall not direct to the Trustee to transfer funds from the DESA Revenue Account to be used to pay any such expenses except to the extent attributable to the Series 2017C Bonds, and no funds from the TDD Revenue Account to be used to pay any expenses except to the extent attributable to the Series 2006B Portion of Debt Service;

Second, at the written direction of the City, to the TIF Commission, an amount the City determines is sufficient to reimburse the TIF Commission for its reasonable administrative and professional service fees, costs and expenses (including staff time) in connection with the performance of its obligations under the TIF Plan and the Redevelopment Agreement provided, however, that no funds withdrawn from the DESA Revenue Account or TDD Revenues Account may be used to pay any such expenses;

Third, at the written direction of the City, to DESA, an amount the City determines is sufficient to reimburse DESA for its reasonable administrative and professional service fees, costs and expenses (including staff time) in connection with the performance of its obligations under the DESA Plan and the Redevelopment Agreement; provided no funds withdrawn from the TDD Revenues Account may be used for this purpose;

Fourth, at the written direction of the City, to the City, an amount the City determines is sufficient to reimburse the City for its reasonable administrative and professional service fees, costs and expenses (including staff time) in connection with the performance of its obligations under the Redevelopment Plans, and to reimburse the City for City Revenues advanced to pay debt service on the Bonds, the Series 2005 Bonds, the Series 2006 Bonds and/or the Series 2011A Bonds, provided, however, the City shall not direct to the Trustee to transfer funds from the DESA Revenue Account to be used to pay any such expenses except to the extent attributable to the Series 2005A Bonds, the Series 2017C Bonds or any DESA-Qualified Additional Bonds, and no funds withdrawn from the TDD Revenue Account may be used to pay any such expenses except to the extent attributable to the Series 2006B Portion of Debt Service;

Fifth, upon written direction from the City, to the extent the Series 2017C Bonds remain Outstanding and the surplus is attributable to DESA Revenues to the Series 2017C Redemption Account of the Bond Fund, to the extent the surplus is attributable to TDD Revenues to the payment of the Series 2006B Portion of Debt Service, and all other excess amounts on deposit in the TIF Revenues Account and/or the City Revenue Account may be deposited to any Redemption Account for any Series of Bonds as so directed by the City, and thereafter used to redeem the related Series of Bonds in whole or in part pursuant to **Section 302(c)** hereof.

(c) Upon the payment in full of the principal of and interest on the Bonds (or provision has been made for the payment thereof as specified in this Indenture) and the reasonable fees, charges and expenses of the Trustee and any Paying Agent, and any other amounts required to be paid under this Indenture, all amounts remaining on deposit in the TIF Revenues Account of the Revenue Fund shall be paid to the City for deposit into the TIF Special Allocation Fund; all amount remaining on deposit in the DESA Revenues Account of the Revenue Fund shall be paid to the City for deposit into the DESA Special Allocation Fund and all amounts remaining on deposit in the City Revenue Account of the Revenue Fund shall be paid to the City.

Section 406. Bond Fund

(a) Moneys on deposit in the respective Bond Account of the Bond Fund shall be used (i) to pay when due interest on the applicable series of Bonds, (ii) to pay when due the principal of and premium, if any, on the applicable series of Bonds. The following shall be deposited in the respective Bond Account of the Bond Fund and (iii) to pay when due the principal of and interest on the applicable series of Bonds:

(i) Revenues transferred from the Revenue Fund pursuant to **Section 405** shall be deposited into the respective Bond Account of the Bond Fund in the amounts required to pay the principal of and premium, if any, and interest next coming due on the respective Series of Bonds and the Regularly Scheduled Payments on the applicable Related Bonds.

(ii) Sums for the redemption of any Bonds as described in **Section 301** shall be deposited into the respective Bond Account of the Bond Fund and shall be applied to make such redemptions.

(iii) Interest and other income derived from the investment of funds on deposit in the respective Bond Account of the Bond Fund.

(iv) All other moneys received by the Trustee pursuant to which the Trustee is directed to deposit the same in the respective Bond Account.

(b) Moneys deposited to the Redemption Account for any Series of Bonds shall be accumulated therein until such amounts exceed \$50,000 at which time the Trustee shall redeem Bonds of the applicable Series pursuant to **Section 301(c)** of this Indenture.

Section 407. Rebate Fund.

There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement and pursuant to **Section 402(a)(iii)** hereof. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America or any expenses incurred in connection with the calculation of rebate, and neither the City nor the owner of any Bonds shall have any rights in or claim to such money, except as provided in **Section 402(a)(iii)**. All amounts held in the Rebate Fund shall be governed by this Section and by the Tax Compliance Agreement (which is incorporated herein by reference).

Pursuant to the Tax Compliance Agreement, the Trustee shall remit all required rebate installments and a final rebate payment to the United States in accordance with the written direction of the Issuer. The Trustee shall not have any obligation to pay any amounts required to be rebated pursuant to

this Section and the Tax Compliance Agreement, other than from moneys held in the Rebate Fund created under this Indenture as provided in this Indenture or from other moneys provided to it by the City. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Tax-Exempt Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and paid to the City.

The obligation to pay arbitrage rebate to the United States and to comply with all other requirements of this Section and the Tax Compliance Agreement shall survive the defeasance or payment in full of the Tax-Exempt Bonds until all rebatable arbitrage shall have been paid.

Section 408. Payments Due on Saturdays, Sundays and Holidays.

In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 409. Nonpresentment of Bonds.

In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the City to the owner thereof for the payment of such Bond, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust in a separate trust account, without liability for interest thereon, for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on such person's part under this Indenture or on or with respect to said Bond. If any Bond shall not be presented for payment within four years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the City the funds theretofore held by it for payment of such Bond without liability for interest thereon, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 410. Records and Reports of Trustee.

The Trustee agrees to maintain such records with respect to any and all moneys or investments held by the Trustee pursuant to the provisions of this Indenture as are requested by the City. The Trustee shall furnish to the City, monthly on the tenth Business Day after the end of each calendar month, a report on the status of each of the funds and accounts established under this Article which are held by the Trustee, showing the balance in each such fund or account as of the first day of the preceding month, the total of deposits to and the total of disbursements from each such fund or account, the dates of such deposits and disbursements, and the balance in each such fund or account on the last day of the preceding month. The Trustee shall render an annual accounting for each Fiscal Year to the City and any bondowner at the expense of such bondowner requesting the same, showing in reasonable detail all financial transactions relating to the Trust Estate during the accounting period, including investment earnings and the balance in any funds or accounts created by this Indenture as of the beginning and close of such accounting period.

ARTICLE V

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 501. Moneys to be Held in Trust.

All moneys deposited with or paid to the Trustee for the funds and accounts held under this Indenture, and all moneys deposited with or paid to any Paying Agent under any provision of this Indenture shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the provisions of this Indenture, and, until used or applied as herein provided, shall (except for moneys in the Rebate Fund) constitute part of the Trust Estate and be subject to the lien, terms and provisions hereof and shall not be commingled with any other funds of the City except as provided under **Section 502** hereof for investment purposes. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except to the extent such moneys are invested in Permitted Investments.

Section 502. Investment of Moneys.

Moneys held in each of the funds and accounts under this Indenture shall, pursuant to written directions of the Issuer Representative, be invested and reinvested by the Trustee in accordance with the provisions of this Indenture and the Tax Compliance Agreement, in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. If the City fails to provide written directions concerning investment of moneys held in the funds and accounts, the Trustee shall invest in such Permitted Investments specified in paragraph (7) of the definition of Permitted Investments, provided they mature or are subject to redemption prior to the date such funds will be needed. The Trustee may conclusively rely upon the written direction of the Issuer Representative as to the suitability and legality of any directed investment. The Trustee is specifically authorized to implement its automated cash investment system to invest cash and to charge its normal cash management fees, which may be deducted from earned income on investments. The Trustee may make any investments permitted by the provisions of this Section through its own bond department or short-term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes except moneys held in any fund or account that are required to be yield restricted in accordance with the Tax Compliance Agreement, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments (other than any amounts required to be deposited in the Series 2017C Rebate Fund pursuant to **Section 407** hereof) shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account. Investment earnings on amounts deposited under this Indenture allocable to a series of Bonds shall be transferred to the Bond Fund for such series of Bonds and used to pay debt service on such Bonds on the next Payment Date. After the Trustee has notice pursuant to **Section 803** of the existence of an Event of Default, the Trustee shall direct the investment of moneys in the funds and accounts held under this Indenture. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments.

ARTICLE VI

GENERAL COVENANTS AND PROVISIONS

Section 601. City to Issue Bonds and Execute Indenture.

The City covenants that it is duly authorized under the Constitution and laws of the State of Missouri to execute this Indenture, to issue the Bonds and to pledge and assign the Trust Estate in the manner and to the extent set forth herein; that all action on its part for the execution and delivery of this Indenture and the issuance of the Bonds has been duly and effectively taken; and that the Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the City according to the import thereof, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Section 602. Limited Obligations.

The Bonds and the interest thereon shall be special, limited obligations of the City payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof and under certain circumstances from insurance proceeds and condemnation awards) solely out of Appropriated Moneys and moneys in the Funds and Accounts held by the Trustee under this Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in this Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the City within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the City, but shall be payable solely from the funds provided for in this Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City to levy any form of taxation therefor or to make any appropriation for their payment.

Section 603. Payment of Bonds.

The City shall duly and punctually pay, but solely from the sources specified in this Indenture, the principal of, redemption premium, if any, and interest on the Bonds in accordance with the terms of the Bonds and this Indenture.

Section 604. Performance of Covenants.

The City shall faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in the Bonds and in all proceedings pertaining thereto.

Section 605. Inspection of Books.

The City covenants and agrees that all books and documents in its possession relating to the Bonds and this Indenture, and the transactions relating thereto shall at all reasonable times be open to inspection by the Trustee and such accountants or other agencies as the Trustee may from time to time designate and the Trustee and its agents may take such memoranda from and in regard thereto as may be desired. The Trustee covenants and agrees that all books and documents in its possession relating to the Bonds and this Indenture, and the transactions relating thereto, including financial statements of the City, shall be open to inspection by the City during business hours upon reasonable notice.

Section 606. Enforcement of Rights.

The City agrees that the Trustee, as assignee, transferee, pledgee, and owner of a security interest under this Indenture in its name or in the name of the City may enforce all rights of the City and the Trustee for and on behalf of the bondowners, whether or not the City is in default hereunder.

Section 607. Tax Covenants.

The City shall at all times do and perform all acts and things permitted by law and this Indenture which are necessary or desirable in order to assure that interest paid on the Tax-Exempt Bonds (or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the City agrees to comply with the provisions of the Tax Compliance Agreement. This covenant shall survive payment in full or defeasance of Tax-Exempt Bonds.

Section 608. Annual Appropriations.

The City intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to this Indenture, moneys sufficient to pay all the principal of and interest on the Bonds coming due in 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 principal of and interest on the Bonds to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the principal of and interest on the Bonds to become due during such Fiscal Year, the failure of the City to deliver the foregoing notice on or before the fifteenth 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 principal of and interest on the Bonds to become due during such succeeding Fiscal Year, the failure of the City to deliver the foregoing notice on or before the fifteenth day after the commencement of its Fiscal Year shall constitute an Event of Nonappropriation.

Section 609. 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 Bonds are Outstanding, an appropriation for all payments of principal of and interest on the Bonds required for the ensuing Fiscal Year; it being the intention of the City that the decision to appropriate or not to appropriate under this Indenture 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 payments on the Bonds, to pay the debt service on the Bonds hereunder. The City reasonably believes that legally available funds in an amount sufficient to make all payments of principal of and interest on the Bonds due 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 payments of principal of and interest on the Bonds may be made, including making provision for such debt service payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the City. 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 610. 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 Indenture, failure of the City to comply with the Continuing Disclosure Undertaking shall not be considered an Event of Default under this Indenture; however, the Trustee may (and, at the request of any Participating Underwriter or the owners of at least 25% aggregate principal amount of Outstanding Bonds, having been indemnified in accordance with **Section 802(e)** shall) or any bondowner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations hereunder and under the Continuing Disclosure Undertaking. 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, and “Participating Underwriter” shall have the meaning ascribed thereto in the Continuing Disclosure Undertaking.

ARTICLE VII

DEFAULT AND REMEDIES

Section 701. Events of Default.

The term “Event of Default,” wherever used in this Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on any Bond when such interest becomes due and payable;

(b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or

(c) default in the performance, or breach, of any covenant or agreement of the City in this Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in this Section), and continuance of such default or breach for a period of 60 days after there has been given to the City by the Trustee or to the City and the Trustee by the owners of at least 10% in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an Event of Default if the City shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch.

Section 702. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, the Trustee may, and shall at the direction of the owners of not less than 25% in principal amount of the Bonds Outstanding, by written notice to the City, declare the principal of all Bonds Outstanding and the interest accrued thereon to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Indenture or the Bonds to the contrary notwithstanding.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in this Article, the Trustee or the owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the City and the Trustee, rescind and annul such declaration and its consequences if

- (a) the City has deposited with the Trustee a sum sufficient to pay
 - (i) all overdue installments of interest on all Bonds;
 - (ii) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in the Bonds;
 - (iii) interest upon overdue installments of interest at the rate prescribed therefor in the Bonds; and
 - (iv) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and
- (b) all events of default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in **Section 710** of this Indenture.
- (c) No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Section 703. Exercise of Remedies by the Trustee.

Upon the occurrence and continuance of any Event of Default under this Indenture, unless the same is waived as provided in this Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under this Indenture or by law:

- (a) ***Right to Bring Suit, Etc.*** The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under this Indenture, to realize on or to foreclose any of its interests or liens under this Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the City as set forth in this Indenture and to enforce or preserve any other rights or interests of the Trustee under this Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.
- (b) ***Exercise of Remedies at Direction of Bondowners.*** If requested in writing to do so by the owners of not less than 25% in principal amount of Bonds Outstanding and if indemnified as provided in **Section 802(e)** and **802(k)** of this Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by this Article as the Trustee shall deem most expedient in the interests of the bondowners.
- (c) ***Appointment of Receiver.*** Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondowners under this

Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) ***Suits to Protect the Trust Estate.*** The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Indenture and to protect its interests and the interests of the bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under this Indenture or be prejudicial to the interests of the bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the bondowners in any judicial proceeding to which the City is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the bondowners.

(e) ***Enforcement Without Possession of Bonds.*** All rights of action under this Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of **Section 707** hereof, shall be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.

(f) ***Restoration of Positions.*** If the Trustee or any bondowner has instituted any proceeding to enforce any right or remedy under this Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such bondowner, then and in every case the City and the bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under this Indenture, and thereafter all rights and remedies of the Trustee and the bondowners shall continue as though no such proceeding had been instituted.

Section 704. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the City upon the Bonds, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand on the City for the payment of overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the bondowners allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each bondowner to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the bondowners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under **Section 804**.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any bondowner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any owner thereof, or to authorize the Trustee to vote in respect of the claim of any bondowner in any such proceeding.

Section 705. Limitation on Suits by Bondowners.

No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy under this Indenture, unless

(a) such owner has previously given written notice to the Trustee of a continuing Event of Default;

(b) the owners of not less than 25% in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under this Indenture;

(c) such owner or owners have offered to the Trustee indemnity as provided in **Sections 802(e), 802(k) and 804** of this Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the lien of this Indenture or the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other owners or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Outstanding Bonds.

Notwithstanding the foregoing or any other provision in this Indenture, however, the owner of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the redemption date) and nothing contained in this Indenture shall affect or impair the right of any owner to institute suit for the enforcement of any such payment.

Section 706. Control of Proceedings by Bondowners.

The owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an Event of Default, provided indemnity has been provided to the Trustee in accordance with **Sections 802(e), 802(k) and 804**:

(a) to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of this Indenture, or otherwise; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture; provided that

(i) such direction shall not be in conflict with any rule of law or this Indenture;

(ii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

(iii) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction.

Section 707. Application of Moneys Collected.

Any moneys collected by the Trustee pursuant to this Article, together with any other sums then held by the Trustee as part of the Trust Estate (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys), shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) **FIRST:** To the payment of all undeducted amounts due the Trustee under **Section 804** of this Indenture;

(b) **SECOND:** To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and

(c) **THIRD:** To the payment of the remainder, if any, to the City or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of

additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be a Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, in accordance with **Section 204** hereof, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 708. Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the Trustee or to the bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 709. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any owner of any Bond to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the bondowners, as the case may be.

Section 710. Waiver of Past Defaults.

Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in this Article, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Trustee and the City, on behalf of the owners of all the Bonds waive any past default hereunder and its consequences, except a default

(a) in the payment of the principal of (or premium, if any) or interest on any Bond;
or

(b) in respect of a covenant or provision hereof which under **Article IX** cannot be modified or amended without the consent of the owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

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ARTICLE VIII

THE TRUSTEE

Section 801. Acceptance of Trusts; Certain Duties and Responsibilities.

The Trustee accepts and agrees to execute the trusts imposed upon it by this Indenture, and agrees to perform such trusts as a corporate trustee ordinarily would perform such trusts under a corporate indenture, but only upon the following terms and conditions:

- (a) Except during the continuance of an Event of Default,
 - (i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and
 - (ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of material calculations or other facts stated therein).
- (b) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of its own affairs in exercising any rights or remedies or performing any of its duties hereunder.
- (c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own gross negligent action, its own gross negligent failure to act, or its own willful misconduct, except that
 - (i) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section;
 - (ii) the Trustee shall not be liable for any error of judgment made in good faith by an authorized officer of the Trustee, unless it shall be proved that the Trustee was grossly negligent in ascertaining the pertinent facts;
 - (iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the owners of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and
 - (iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of specifying the duties or affording protection to the Trustee, whether in its capacity as Trustee, Paying Agent, bond registrar or any other capacity, shall be subject to the provisions of this **Article VIII**.

Section 802. Certain Rights of Trustee.

Except as otherwise provided in **Section 801** of this Indenture:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Trustee shall be entitled to rely upon an Officer's Certificate as to the sufficiency of any request or direction of the City mentioned herein, the existence or nonexistence of any fact or the sufficiency or validity of any instrument, paper or proceeding, or that an ordinance or resolution in the form therein set forth has been adopted by the governing body of the City has been duly adopted, and is in full force and effect.

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate. Prior to the occurrence of default of which the Trustee has been notified as proved in **Section 803** or of which by such Section the Trustee is deemed to have notice, the Trustee may also accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient and may at its discretion secure such further evident deemed necessary or advisable but shall in no case be bound to secure the same.

(d) The Trustee may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

(e) Notwithstanding anything in this Indenture to the contrary, the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture whether at the request or direction of any of the bondowners pursuant to this Indenture or otherwise, unless such bondowners or other party shall have offered to the Trustee reasonable security or indemnity against the fees, advances, costs, expenses and liabilities (except liability which is the result of the Trustee's own gross negligence or willful misconduct), including, without limitation, such fees, advances, costs, expenses and liabilities associated with environmental contamination and the clean up thereof, which might be incurred by it in connection with such rights or powers.

(f) The Trustee may rely conclusively and shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the City, personally or by agent or attorney.

(g) The Trustee assumes no responsibility for the correctness of the recitals contained in this Indenture and in the Bonds, except the certificate of authentication on the Bonds, or for the recording or re-recording, filing or re-filing of this Indenture or any financing statement (other than continuation statements) in connection therewith, or for the validity of the execution by the City of this Indenture or any Supplemental Indenture or instruments of further assurance. The Trustee makes no representations to the value or condition of the Trust Estate or any part thereof, or as to the title thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application of any of the Bonds or the proceeds thereof or of any money paid to or upon the order of the City under any provision of this Indenture.

(h) The Trustee, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the City with the same rights it would have if it were not Trustee.

(i) All money received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law or by this Indenture. The Trustee shall not be responsible or liable for any loss suffered in connection with investments of money made by it that are authorized and directed pursuant to **Section 502** of this Indenture.

(j) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through receivers, agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any receiver, agent or attorney appointed with due care by it hereunder. The Trustee may in all cases pay such reasonable compensation to all such receivers, agents and attorneys as may reasonably be employed in connection with the trust created herein.

(k) Notwithstanding anything elsewhere in this Indenture contained, before taking any action under this Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all reasonable costs and expenses to which it may be put and to protect it against all liability which it may incur in or by reason of such action.

(l) The Trustee may elect not to proceed in accordance with the directions of the Bondowners without incurring any liability to the Bondowners if in the opinion of the Trustee such direction may result in environmental liability to the Trustee, in its individual capacity for which the Trustee has not received adequate indemnity pursuant to **Section 802** and **Section 804** hereof from the Bondowners and the Trustee may rely upon an Opinion of Counsel addressed to the City and the Trustee in determining whether any action directed by the Bondowners may result in such liability.

(m) The Trustee may inform the Bondowners of environmental hazards that the Trustee has reason to believe exist, and the Trustee has the right to take no further action and, in such event no fiduciary duty exists which imposes any obligation for further action with respect to the Trust Estate or any portion thereof if the Trustee, in its individual capacity, determines that any such action would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not received adequate indemnity pursuant to **Section 802** and **Section 804** hereof.

(n) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or its willful misconduct.

(o) The Trustee shall not be required to give any bond or security in respect of the execution of the said trusts and powers or otherwise in respect to the premises.

(p) As to instances where the Trustee is requested to take an action which is not specified in the Indenture, or the conditions are different than specified in the Indenture, or in comparable instances, the Trustee shall have the right, but shall not be required, to demand with respect to any such action, such as the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showing, certificates, opinions appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purposes of establishing the right to the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

Section 803. Notice of Defaults.

The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the City to cause to be made any of the payments to the Trustee required to be made by **Article IV** of this Indenture, unless the Trustee shall be specifically notified in writing of such default by the City or the owners of at least 10% in principal amount of all Bonds Outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within 30 days after the Trustee has received notice of any Event of Default or the occurrence of any Event of Default hereunder of which the Trustee is deemed to have notice, the Trustee shall give written notice of such Event of Default by mail to all owners of Bonds as shown on the bond register maintained by the Trustee, unless such Event of Default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bond, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the bondowners. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default as defined in **Section 801**.

Section 804. Compensation and Reimbursement.

Subject to annual appropriation, the Trustee shall be entitled to payment or reimbursement from the City

(a) from time to time for reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(b) except as otherwise expressly provided herein, upon its request, for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's gross negligence or bad faith;

(c) in the event that it should become necessary for the Trustee to perform extraordinary services that are outside the scope of ordinary trustee services, the Trustee shall be

entitled to reasonable additional compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the gross negligence or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefor; and

(d) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without gross negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the fees, costs and expenses of its agents and counsel in defending itself against any action, suit, demand, judgment, claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

The Trustee shall promptly notify the City in writing of any claim or action brought against the Trustee in respect of which indemnity may be sought against the City, setting forth the particulars of such claim or action, and the City will assume the defense thereof, including the employment of counsel satisfactory to the Trustee and the payment of all expenses. The Trustee may employ separate counsel in any such action and participate in the defense thereof, and the reasonable fees and expenses of such counsel shall not be payable by the City unless such employment has been specifically authorized by the City, or the rules governing conflicts of interest require the employ of separate counsel, or the City fails, in the judgment of the Trustee, to employ competent counsel, and such counsel fails to actively defend such action and protect the interests of the Trustee or bondowners.

As security for the payment of such compensation, expenses, reimbursements and indemnity under this Section, the Trustee shall be secured under this Indenture by a first lien prior to the Bonds, and shall have the right to use and apply any trust moneys held by it under **Article IV** hereof.

Section 805. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be a commercial banking association or corporation or trust company organized and in good standing and doing business under the laws of the United States of America or of any state thereof, with a principal office in the State of Missouri, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, having a combined capital and surplus of at least \$100,000,000, or consideration may be given by the City to a bank not meeting this amount if the bank submits an acceptable form of guarantee for its financial obligations to the City. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect specified in this Article.

Section 806. Resignation and Removal of Trustee.

(a) The Trustee may resign at any time by giving written notice thereof to the City and each Owner of Bonds Outstanding as shown by the list of bondowners required by this Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) If the Trustee has or shall acquire any conflicting interest (as determined by the Trustee), it shall, within 90 days after ascertaining that it has a conflicting interest, or within

30 days after receiving written notice from the City (so long as the City is not in default under this Indenture) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in subsection (a).

(c) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the City and the Trustee signed by the Owners of a majority in principal amount of the Outstanding Bonds, or, so long as the City is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default hereunder, by the City. The City or any bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee. The Trustee may be removed at any time, for any breach of its obligations under the Indenture.

(d) If at any time:

(i) the Trustee shall fail to comply with subsection (b) after written request therefor by the City or by any bondowner;

(ii) the Trustee shall cease to be eligible under **Section 805** and shall fail to resign after written request therefor by the City or by any such bondowner; or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (A) the City may remove the Trustee, or (B) any bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) The Trustee shall give notice at the expense of the City of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the registered owners of Bonds as their names and addresses appear in the bond register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

(f) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under **Section 808**.

Section 807. Appointment of Successor Trustee.

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the City (so long as no Event of Default hereunder has occurred and is continuing), or the owners of a majority in principal amount of Bonds Outstanding (if an Event of Default hereunder has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the City and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the City or the bondowners. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be

appointed in the manner herein provided, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner herein provided, any bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of this Section shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of this Article.

Section 808. Acceptance of Appointment by Successor.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the City and to the retiring Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee and the duties and obligations of the retiring Trustee shall cease and terminate; but, on request of the City or the successor Trustee, such retiring Trustee shall, upon payment of its charges, fees, costs and expenses, including its agents and counsel, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in **Section 804**. Upon request of any such successor Trustee, the City shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 809. Merger, Consolidation and Succession to Business.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation or association shall be otherwise qualified and eligible under this Article, and shall be vested with all of the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Section 810. Co-Trustees and Separate Trustees.

At any time or times, for the purpose of meeting the legal requirements of any jurisdiction in which any of the Trust Estate may at the time be located, or in the enforcement of any default or the exercise any of the powers, rights or remedies herein granted to the Trustee, or any other action which may be desirable or necessary in connection therewith, the Trustee shall have power to appoint, and, upon the written request of the Trustee or of the owners of at least 25% in principal amount of the Bonds Outstanding, the City shall for such purpose join with the Trustee in the execution, delivery and

performance of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Trustee either to act as co-trustee, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such person or persons in the capacity aforesaid, any property, title, protection, immunity, right or power deemed necessary or desirable, subject to the other provisions of this Section. If the City does not join in such appointment within 15 days after the receipt by it of a request so to do, or in case an Event of Default has occurred and is continuing, the Trustee alone shall have power to make such appointment.

Should any written instrument from the City be required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the City.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) The Bonds shall be authenticated and delivered, and all rights, powers, duties and obligations hereunder in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustee hereunder, shall be exercised solely, by the Trustee.

(b) The rights, powers, duties and obligations hereby conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Trustee or by the Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee.

(c) The Trustee at any time, by an instrument in writing executed by it, with the concurrence of the City, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, in case an Event of Default has occurred and is continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the City. Upon the written request of the Trustee, the City shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.

(d) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of the Trustee, or any other such trustee hereunder.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other act of bondowners delivered to the Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

Section 811. Designation of Paying Agents.

The Trustee is hereby designated and agrees to act as principal Paying Agent for and in respect to the Bonds. The City may, in its discretion, cause the necessary arrangements to be made through the

Trustee and to be thereafter continued for the designation of alternate Paying Agents, if any, and for the making available of funds hereunder for the payment of the principal of, premium, if any, and interest on the Bonds of any series, or at the principal corporate trust office of said alternate Paying Agents. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be trustee of any funds provided hereunder and Paying Agent for principal of, premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee and Paying Agent unless a separate Paying Agent or Agents are appointed by the City in connection with the appointment of any successor Trustee.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 901. Supplemental Indentures Without Consent of Bondowners.

Without the consent of the owners of any Bonds, the City and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

- (a) to correct or amplify the description of any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien of this Indenture additional property;
- (b) to issue Additional Bonds pursuant to **Section 210** of this Indenture.
- (c) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, as herein set forth, additional conditions, limitations and restrictions thereafter to be observed;
- (d) to evidence the appointment of a separate trustee or the succession of a new trustee under this Indenture;
- (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 Bonds or to surrender any right or power herein conferred upon the City;
- (f) to cure any ambiguity, to correct or supplement any provision in this Indenture which may be inconsistent with any other provision herein or to make any other change, with respect to matters or questions arising under this Indenture, which shall not be inconsistent with the provisions of this Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds (in making such determination the Trustee may rely conclusively upon an Opinion of Counsel); or
- (g) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

Section 902. Supplemental Indentures With Consent of Bondowners.

With the consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the City and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the owners of the Bonds under this Indenture; provided, however, that no such Supplemental Indenture 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, any Bond, 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, any Bond, 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);

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

(c) modify the obligation of the City to make payment on or provide funds for the payment of any Bond;

(d) modify or alter the provisions of the exceptions to the definition of the term "Outstanding";

(e) modify any of the provisions of this Section or **Section 710**, except to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or

(f) permit the creation of any lien ranking prior to or on parity with the lien of this Indenture with respect to any of the Trust Estate or terminate the lien of this Indenture on any property at any time subject hereto or deprive the owner of any Bond of the security afforded by the lien of this Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture 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. In making such determination, the Trustee may rely conclusively upon an Opinion of Counsel.

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 Indenture, but it shall be sufficient if such act shall approve the substance thereof.

A copy of any Supplemental Indenture shall be sent to any Rating Agency then rating the Bonds.

Section 903. Execution of Supplemental Indentures.

In executing or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and, subject to **Article VIII**, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Indenture is authorized and permitted by and in compliance with the terms of this Indenture and that the execution and delivery thereof will not adversely affect the exclusion from federal gross income of interest on the Tax-Exempt Bonds. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 904. Effect of Supplemental Indentures.

Upon the execution of any Supplemental Indenture under this Article, this Indenture shall be modified in accordance therewith and such Supplemental Indenture shall form a part of this Indenture for all purposes; and every owner of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 905. Reference in Bonds to Supplemental Indentures.

Bonds authenticated and delivered after the execution of any Supplemental Indenture 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 Indenture. If the City shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the City, to any such Supplemental Indenture may be prepared and executed by the City and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

ARTICLE X

SATISFACTION AND DISCHARGE

Section 1001. Payment, Discharge and Defeasance of Bonds.

Bonds will be deemed to be paid and discharged and no longer Outstanding under this Indenture and will cease to be entitled to any lien, benefit or security of this Indenture if the City shall pay or provide for the payment of such Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;
- (b) by delivering such Bonds to the Trustee for cancellation; or
- (c) by depositing in trust with the Trustee or other Paying Agent moneys and Defeasance Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of this Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or redemption dates only with cash or Defeasance Obligations pursuant to subsection (c) above, subject to receipt by the Trustee of (i) for any advance refunding, a verification report prepared by independent certified public accountants, or other verification agent, and (ii) an Opinion of Co-Bond Counsel addressed and delivered to the Trustee, the City to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds then Outstanding and any and all other amounts required to be paid under the provisions of this Indenture has been provided for in the manner set forth in this Indenture and to the effect that so providing for the payment of any Tax-Exempt Bonds will not cause the interest on such Tax-Exempt Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of this Indenture.

The foregoing notwithstanding, the liability of the City in respect of such Bonds shall continue, but the owners thereof shall thereafter be entitled to payment only out of the moneys and Defeasance Obligations deposited with the Trustee as aforesaid.

Moneys and Defeasance Obligations so deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys and Defeasance Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent, as the Trustee may determine) to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such moneys and Defeasance Obligations have been deposited with the Trustee.

Section 1002. Satisfaction and Discharge of Indenture.

This Indenture and the lien, rights and interests created by this Indenture shall cease, terminate and become null and void (except as to any surviving rights pursuant to **Section 1003** hereof) if the following conditions are met:

- (a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of **Section 1001**;
- (b) all other sums payable under this Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment;
- (c) the Trustee receives an Opinion of Co-Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that so providing for the payment of any Tax-Exempt Bonds will not cause the interest on such Tax-Exempt Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of this Indenture; and
- (d) the Trustee receives an Opinion of Counsel to the effect that all conditions precedent in this Section to the satisfaction and discharge of this Indenture have been complied with.

Thereupon, the Trustee shall execute and deliver to the City a termination statement and such instruments of satisfaction and discharge of this Indenture as may be necessary at the written request of the City, and shall pay, assign, transfer and deliver to the City, or other Persons entitled thereto, all moneys, securities and other property then held by it under this Indenture as a part of the Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee as herein provided for the payment of the principal of, premium, if any, and interest on the Bonds.

Section 1003. Rights Retained After Discharge.

Notwithstanding the satisfaction and discharge of this Indenture, the rights of the Trustee under **Section 804** shall survive, and the Trustee shall retain such rights, powers and duties under this Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided herein. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any Bond remaining unclaimed for four years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided herein, shall then be paid to the City without liability for interest thereon, and the owners of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the City for payment thereof and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease.

ARTICLE XI

NOTICES, CONSENTS AND OTHER ACTS

Section 1101. Notices.

Except as otherwise provided herein, it shall be sufficient service of any notice, request, demand, authorization, direction, consent, waiver or other paper required or permitted by this Indenture to be made, given or furnished to or filed with the following Persons upon receipt by such Person, if the same shall be delivered in person or duly mailed by registered or certified mail, postage prepaid, return receipt requested, at the following addresses:

To the City at:	City of Kansas City, Missouri City Hall, Third Floor 414 East 12 th Street Kansas City, MO 64106 Attention: Director of Finance
To the Trustee at:	UMB Bank, N.A. 1010 Grand Blvd. Kansas City, Missouri 64106 Attention: Corporate Trust Department
To the Original Purchaser:	J.P. Morgan Securities LLC 10 South Dearborn 16 th Floor Chicago, IL 60603 Attention: Matthew Couch, Executive Director

A copy of the form of any notice from the Trustee to the Bondowners shall be given by the Trustee to the City.

If, because of the temporary or permanent suspension of mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such delivery of notice in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient notice.

Notice to bondowners shall be given by first class mail at the address of the bondowners as shown on the bond register maintained by the Trustee, and neither the failure to receive such notice, nor any defect in any notice so mailed, shall affect the sufficiency of such notice. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by bondowners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1102. Acts of Bondowners.

Any notice, request, demand, authorization, direction, consent, waiver or other action provided by this Indenture to be given or taken by bondowners may be embodied in and evidenced by one or more substantially concurrent instruments of similar tenor signed by such bondowners in person or by an agent duly appointed in writing. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the City. Proof of execution of any such instrument or of a writing appointing any such agent, or of the ownership of Bonds other than the assignment of the ownership of a Bond, shall be sufficient for any purpose of this Indenture and conclusive in favor of the City and the Trustee, if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof, or by the affidavit of a witness of such execution. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of such person's authority.

(b) The fact and date of execution of any such instrument or writing and the authority of any Person executing the same may also be proved in any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this Section.

(c) The ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same, shall be proved by the bond register maintained by the Trustee.

In determining whether the owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds registered on the bond register in the name of the City shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the City has identified in writing to the Trustee as being owned by the City or an affiliate thereof shall be so disregarded.

Any notice, request, demand, authorization, direction, consent, waiver or other action by the owner of any Bond shall bind every future owner of the same Bond and the owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the City in reliance thereon, whether or not notation of such action is made upon such Bond.

Section 1103. Form and Contents of Documents Delivered to Trustee.

Whenever several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the City may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which such person's certificate or opinion is based are erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the City stating that the information with respect to such factual matters is in the possession of the City, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Whenever any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Wherever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that the City shall deliver any document as a condition of the granting of such application, or as evidence of the City's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the City to have such application granted or to the sufficiency of such certificate or report.

Section 1104. Compliance Certificates and Opinions.

Upon any application or request by the City to the Trustee to take any action under any provision of this Indenture, the City shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of counsel rendering such opinion all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

- (a) a statement that each individual signing such certificate or opinion has read such condition or covenant and the definitions herein relating thereto;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1201. Further Assurances.

The City shall do, execute, acknowledge and deliver such Supplemental Indentures and such further acts, instruments, financing statements and assurances as the Trustee may reasonably require for accomplishing the purposes of this Indenture.

Section 1202. Benefit of Indenture.

This Indenture shall inure to the benefit of and shall be binding upon the City and the Trustee and their respective successors and assigns, subject, however, to the limitations contained herein. With the exception of rights expressly conferred in this Indenture, nothing in this Indenture or in the Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors and assigns hereunder, any separate trustee or co-trustee appointed under **Section 810** and the owners of Outstanding Bonds, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1203. No Pecuniary Liability.

All covenants, obligations and agreements of the City herein shall be effective to the extent authorized and permitted by law. No such covenant, obligation or agreement herein 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 1204. Severability.

If any provision in this Indenture or in the Bonds 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 1205. Execution in Counterparts.

This Indenture 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. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed 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 1206. Electronic Storage

The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other

reproductions of original executed 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 1207. Governing Law.

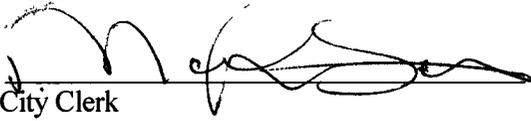
This Indenture shall be governed by and construed in accordance with the laws of the State of Missouri.

IN WITNESS WHEREOF, the City and the Trustee have caused this Trust Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, by their duly authorized officers, all as of the day and year first above written.

CITY OF KANSAS CITY, MISSOURI

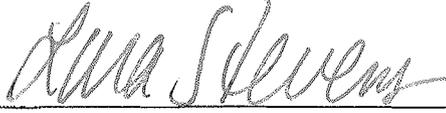
By: 
Director of Finance



By: 
City Clerk

THIS INDENTURE OF TRUST is executed as of the date first above written.

UMB Bank, N.A.,
as Trustee

By: 
Lara Stevens
Vice President

ATTEST:

By: 
ELIZABETH E. ANGOTTI
Assistant Secretary

EXHIBIT A
(FORM OF BONDS)

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation (“DTC”), to the City or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF MISSOURI

Registered
No. R- _____

Registered

CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION REFUNDING BOND
(KANSAS CITY DOWNTOWN REDEVELOPMENT DISTRICT)
SERIES 2017C

Interest Rate	Maturity Date	Dated Date	CUSIP
____%	September 1, 20__	_____, 2017	

Registered Owner: _____ **** CEDE & CO. ****

Principal Amount: _____ DOLLARS

THE CITY OF KANSAS CITY, MISSOURI, a constitutional charter city and political subdivision of the State of Missouri (the “City”), for value received, promises to pay, but solely from the sources herein specified to the registered owner named above, or registered assigns, the principal amount stated above on the maturity date stated above, except as the provisions herein set forth with respect to redemption prior to maturity may become applicable hereto, and in like manner to pay interest on said principal amount at the interest rate per annum stated above (computed on the basis of a 360-day year of twelve 30-day months) from the date of the Bonds stated above or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually on each March 1 and September 1, beginning on September 1, 2017, until said principal amount is paid.

Method and Place of Payment. The principal of and interest on this Bond shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and redemption premium, if any, on this Bond shall be payable by check or draft to the registered owner at the maturity or redemption date upon presentation and surrender of this Bond at the principal corporate trust office of UMB Bank, N.A. in the City of Kansas City, Missouri (the “Trustee”). The interest payable on this Bond on any interest payment date shall be paid by the Trustee to the registered owner of this Bond appearing on the bond register maintained by the Trustee at the close of business on the Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date and shall be paid by (a) check or draft of the Trustee mailed to such registered

owner at such owner's address as it appears on such bond register or at such other address furnished in writing by such registered owner to the Trustee, or (b) at the written request addressed to the Trustee by any registered owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to the bank for credit to the ABA routing number and account number filed with the Trustee no later than 15 days preceding the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Limited Obligations. The Series 2017C Bonds (as defined below) and the interest thereon are special, limited obligations of the City payable solely out of Appropriated Moneys and moneys in the Funds and Accounts held by the Trustee under the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the City within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the City, but shall be payable solely from the funds provided for in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City to levy any form of taxation therefor or to make any appropriation for their payment.

Authorization of Bonds. This Bond is one of a duly authorized series of bonds of the City designated "Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District)," Series 2017C, issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, and pursuant to proceedings duly had by the City. The Series 2017C Bonds are issued, in the aggregate principal amount of \$89,410,000 (the "Series 2017C Bonds"), under and are equally and ratably secured and entitled to the protection given by a Trust Indenture, dated as of March 1, 2017 (said Trust Indenture, as amended and supplemented from time to time in accordance with the provisions thereof, herein called the "Indenture"), between the City and the Trustee, to provide funds for the purposes described in the Indenture. Reference is hereby made to the Indenture for a description of the Trust Estate pledged and assigned thereunder, and the provisions, among others, with respect to the nature and extent of the security for the Series 2017C Bonds, and the rights, duties and obligations of the City, the Trustee and the registered owners of the Bonds, and a description of the terms upon which the Series 2017C Bonds are issued and secured, upon which provision for payment of the Series 2017C Bonds or portions thereof and defeasance of the lien of the Indenture with respect thereto may be made and upon which the Indenture may be deemed satisfied and discharged prior to payment of the Series 2017C Bonds.

Redemption Prior to Maturity. The Series 2017C Bonds are subject to redemption prior to maturity as follows:

Optional Redemption. The Series 2017C Bonds maturing on September 1, 2028, and thereafter are subject to redemption and payment prior to maturity at the option of the City on and after September 1, 2027, as a whole or in part at any time from maturities selected by the City, at the redemption price equal to the principal amount thereof, plus accrued interest to the Redemption Date.

Notice of Redemption. Notice of redemption, unless waived, is to be given by the Trustee by mailing an official redemption notice by registered, certified or first-class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Series 2017C Bond or the Series 2017C Bonds to be redeemed at the address shown on the bond register maintained by the Trustee. Notice of redemption having been given as aforesaid, the Series 2017C Bonds or portions of Series 2017C Bonds 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 City shall default in the

payment of the redemption price) such Series 2017C Bonds or portions of Series 2017C Bonds shall cease to bear interest.

Book-Entry System. The Series 2017C Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Series 2017C Bonds are stated to mature or with respect to each form of Series 2017C Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Series 2017C Bonds by the Securities Depository's participants, beneficial ownership of the Series 2017C Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The City and the Trustee will recognize the Securities Depository nominee, while the registered owner of this Series 2017C Bond, as the owner of this Series 2017C Bond for all purposes, including (a) payments of principal of, and redemption premium, if any, and interest on, this Series 2017C Bond, (b) notices and (c) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Series 2017C Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The City and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Series 2017C Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Series 2017C Bond shall be made in accordance with existing arrangements among the City, the Trustee and the Securities Depository.

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. This Bond may be transferred or exchanged, as provided in the Indenture, only upon the bond register maintained by the Trustee at the above-mentioned office of the Trustee by the registered owner hereof in person or by such owner's duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such owner's duly authorized attorney, and thereupon a new Series 2017C Bond or Series 2017C Bonds of the same maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The City, the Trustee and any Paying Agent may deem and treat the person in whose name this Series 2017C Bond is registered on the bond register maintained by the Trustee as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Bonds are issuable in the form of fully registered Series 2017C Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof.

Limitation on Rights. The registered owner of this Series 2017C Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Series 2017C Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. The Series 2017C

Bonds or the Indenture may be modified, amended or supplemented only to the extent and in the circumstances permitted by the Indenture.

Authentication. This Series 2017C Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been executed by the Trustee.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Series 2017C Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, THE CITY OF KANSAS CITY, MISSOURI has caused this Series 2017C Bond to be executed in its name by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk and its seal to be affixed or imprinted hereon, all as of the Dated Date specified above.

CITY OF KANSAS CITY, MISSOURI

By: _____
Name: Sylvester "Sly" James, Jr.
Title: Mayor

[SEAL]

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION

This Series 2017C Bond is one of the Series 2017C Bonds described in the within mentioned Indenture.

Date of Authentication: _____

UMB BANK, N.A.
Trustee

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Print or Type Name, Address and Social
Security Number or Taxpayer Identification Number of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ agent to transfer the within Bond on the books kept by the Trustee for the registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears on the face of the within Bond in every particular.

Signature Guaranteed By:

(Name of Eligible Guarantor Institution)

By: _____

Title: _____

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution as defined by SEC Rule 17AD-15 (17 CFW 240.17 Ad-15).

EXHIBIT B

DISBURSEMENT REQUEST

(§ 403—COSTS OF ISSUANCE FUND)

Request No.: _____

Date: _____

To: UMB Bank, N.A., as Trustee
Corporate Trust Department
1010 Grand Blvd.
Kansas City, Missouri 64106

Re: \$89,410,000 City of Kansas City, Missouri, Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), Series 2017C

You are hereby requested and directed as Trustee under the Trust Indenture dated as of March 1, 2017 (the "Indenture"), between the City of Kansas City, Missouri and you, as Trustee, to pay from moneys in the Series 2017C Costs of Issuance Fund, pursuant to **Section 403** of the Indenture, to the following payees the following amounts for the following Costs of Issuance (as defined in the Indenture):

Payee	Amount	Description of Costs of Issuance	Series Account	Project Allocation
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The undersigned Issuer Representative hereby states and certifies that each item listed above is a proper Cost of Issuance (as defined in the Indenture) that was incurred in connection with the issuance of the above-referenced Series 2017C Bonds, and the amount of this request is justly due and owing and has not been the subject of another requisition which was paid.

CITY OF KANSAS CITY, MISSOURI

By: _____
Issuer Representative

Execution Copy

TRUST INDENTURE

between

THE CITY OF KANSAS CITY, MISSOURI

and

UMB BANK, N.A.,
as Trustee

\$16,185,000
City of Kansas City, Missouri
Special Obligation Refunding Bonds
(Midtown Redevelopment Project)
Series 2017D

Dated as of March 1, 2017

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TRUST INDENTURE

THIS TRUST INDENTURE (the “Indenture”), entered into as of March 1, 2017, between the **CITY OF KANSAS CITY, MISSOURI**, a constitutional charter city and political subdivision of the State of Missouri (the “Issuer”), and **UMB Bank, N.A.**, a national banking association duly organized and existing under the laws of the United States of America and authorized to accept and execute trusts of the character herein set out under the laws of the State of Missouri, and having its principal corporate trust office located in the City of Kansas City, Missouri, as trustee (the “Trustee”);

RECITALS

WHEREAS, the Issuer is authorized under its charter to issue its bonds or other obligations in evidence thereof; and

WHEREAS, at the request of the Issuer, The Industrial Development Authority of the City of Kansas City, Missouri (the “Authority”) and the Tax Increment Financing Commission of Kansas City, Missouri (the “Commission”) assisted the Issuer in refunding prior series of bonds issued by the Missouri Development Finance Board (the “Board”), and the Authority previously issued its \$47,705,000 Infrastructure Facilities Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the “Series 2007A Bonds”) to provide funds to refund two prior series of bonds issued by the Board, including its then outstanding Infrastructure Facilities Revenue Bonds (Kansas City, Missouri - Midtown Redevelopment Project) Series 2000A (the “Series 2000A Midtown Bonds”), which were issued by the Board to finance and refinance that certain redevelopment project authorized by the herein-defined Midtown Redevelopment Plan (the “Midtown Redevelopment Project”); and

WHEREAS, the Authority, the Issuer and the Commission previously entered into a Financing Agreement dated as of March 1, 2007 (the “2007 Financing Agreement”), wherein, among other things, the Commission agreed to assign certain Incremental Tax Revenues (as defined therein) to the Issuer in connection with that portion of the Series 2007A Bonds allocable to the Midtown Redevelopment Project; and

WHEREAS, the Board, the Issuer, the Trustee, the Missouri Department of Economic Development (the “Department”) and the herein-defined Midtown Developer previously entered into a Redevelopment District Tax Distribution Agreement dated as of April 1, 2000 with respect to the Midtown Redevelopment Project (the “Midtown Tax Distribution Agreement”), pursuant to which the Department authorized the use of State Sales Tax Revenues (as defined therein) for the Midtown Redevelopment Project, as amended by the First Supplement to Redevelopment District Tax Distribution Agreement dated as of March 1, 2007 (the “First Amendment to Tax Distribution Agreement”) and a Second Supplement to Redevelopment District Tax Distribution Agreement dated as of March 1, 2017 (the “Second Supplemental to Tax Distribution Agreement”); and

WHEREAS, the governing body of the Issuer passed and approved an Ordinance on February 23, 2017, authorizing the Issuer to issue its Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D (the “Series 2017D Bonds” or the “Bonds”) in the original aggregate principal amount of \$16,185,000 to provide funds (a) to refund the \$17,425,000 Outstanding Series 2007A Bonds maturing on and after April 1, 2018 (the “Refunded Bonds”) and (b) to pay certain costs related to the issuance of the Bonds, all as more fully described herein; and

WHEREAS, the Issuer and the Commission are entering into a Cooperative Agreement of even date herewith (the "Cooperative Agreement"), wherein the Commission agrees to assign certain Incremental Tax Revenues (as defined therein and herein) to the Issuer; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid, legal and binding obligations of the Issuer, and to constitute this Indenture a valid, legal and binding pledge and assignment of the property, rights, interests and revenues made herein for the security of the payment of the Bonds, have been done and performed, and the execution and delivery of this Indenture and the execution and issuance of the Bonds, subject to the terms of this Indenture, have in all respects been duly authorized.

GRANTING CLAUSES

To declare the terms and conditions upon which Bonds are to be authenticated, issued and delivered and to secure the payment of all of the Bonds issued and Outstanding under this Indenture from time to time according to their tenor and effect and to secure the performance and observance by the Issuer of all the covenants, agreements and conditions contained in this Indenture and in the Bonds, and in consideration of the premises, the acceptance by the Trustee of the trusts created by this Indenture, the purchase and acceptance of the Bonds by the owners thereof, the Issuer hereby transfers in trust, pledges and assigns to the Trustee, and hereby grants a security interest to the Trustee in, the property described in paragraphs (a), (b) and (c) below (said property referred to herein as the "Trust Estate"):

(a) All Appropriated Moneys; and

(b) All right, title and interest of the Issuer (including, but not limited to, the right to enforce any of the terms thereof) in, to and under (i) the Cooperative Agreement, except for the Issuer's Unassigned Rights, and (ii) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the proceeds of the Bonds; and

(c) All other moneys and securities from time to time held by the Trustee under the terms of this Indenture (excluding amounts held in the Rebate Fund, as hereinafter defined), and any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security hereunder by the Issuer, or by anyone in its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

The Trustee shall hold in trust and administer the Trust Estate, upon the terms and conditions set forth in this Indenture for the equal and pro rata benefit and security of each and every owner of Bonds, without preference, priority or distinction as to participation in the lien, benefit and protection of this Indenture of one Bond over or from the others, except as otherwise expressly provided herein.

NOW, THEREFORE, the Issuer covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective owners of the Bonds, that all Bonds are to be issued, authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the further covenants, conditions and trusts hereinafter set forth, as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01. Definitions of Words and Terms. For all purposes of this Indenture, except as otherwise provided or unless the context otherwise requires, the following words and terms used in this Indenture shall have the following meanings:

“*Act*” means Sections 99.800 *et seq.* of the Revised Statutes of Missouri, as amended.

“*Additional Bonds*” means any additional parity Bonds issued by the Issuer pursuant to **Section 2.03** of this Indenture that stand on a parity and equality under this Indenture with the Series 2017D Bonds.

“*Appropriated Moneys*” means moneys of the City which have been annually appropriated by the City or which are deposited to the Revenue Fund created hereunder and available to pay the principal of and interest due on the Series 2017D Bonds and other payments described in the Indenture.

“*Authority*” means The Industrial Development Finance Authority of the City of Kansas City, Missouri.

“*Board*” means the Missouri Development Finance Board.

“*Bond*” or “*Bonds*” means the Series 2017D Bonds and any Additional Bonds issued pursuant to **Section 2.03** of this Indenture.

“*Bond Issuance Date*” means March 23, 2017.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement between the Issuer and the Original Purchaser of the Series 2017 Bonds.

“*Bondowner,*” “*Owner,*” “*Bondholder*” or “*Holder*” means, as of any time, the registered owner of any Bond as shown in the register kept by the Trustee as bond registrar.

“*Business Day*” means a day, other than a Saturday, on which the Trustee and any Paying Agent shall be scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

“*Cede & Co.*” means Cede & Co., as nominee of The Depository Trust Company, New York, New York.

“*City Council*” means the City Council of the City of Kansas City, Missouri.

“*City Revenues*” means all moneys appropriated by the Issuer other than Incremental Tax Revenues deposited in the City Revenues Account of the Revenue Fund for transfer to the Debt Service Fund.

“*City Revenues Account*” means the account by that name in the Revenue Fund created by **Section 4.01** of this Indenture.

“*Commission*” means the Tax Increment Financing Commission of Kansas City, Missouri and its successors and assigns.

“*Continuing Disclosure Undertaking*” means the Continuing Disclosure Undertaking of even date herewith of the Issuer, as from time to time amended in accordance with the provisions thereof.

“*Cooperative Agreement*” means the Cooperative Agreement of even date herewith between the Issuer and the Commission, as from time to time amended and supplemented by Supplemental Cooperative Agreements in accordance with the provisions of the Cooperative Agreement.

“*Costs of Issuance*” means issuance costs with respect to the Bonds described in Section 147(g) of the Internal Revenue Code and any regulations thereunder, including but not limited to the following:

(a) underwriters’ spread of the Original Purchaser (whether realized directly or derived through purchase of Bonds at a discount below the price at which they are expected to be sold to the public);

(b) counsel fees (including bond counsel, underwriter’s counsel, Commission’s counsel, Issuer’s counsel, as well as any other specialized counsel fees incurred in connection with the borrowing);

(c) financial advisor fees of any financial advisor to the Issuer incurred in connection with the issuance of the Bonds;

(d) rating agency fees;

(e) trustee, escrow agent and paying agent fees;

(f) accountant fees and other expenses related to issuance of the Bonds;

(g) printing costs (for the Bonds and of the preliminary and final Official Statement relating to the Bonds); and

(h) fees and expenses of the Issuer incurred in connection with the issuance of the Bonds.

“*Costs of Issuance Fund*” means the fund by that name created by **Section 4.01** of this Indenture.

“*Debt Service Fund*” means the fund by that name created by **Section 4.01** of this Indenture.

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

“*Defeasance Obligations*” means:

(a) Government Obligations which are not subject to redemption prior to maturity; or

(b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations); or

(c) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities; or

(d) the interest component of Resolution Funding Corp. (REFCORP) strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form; or

(e) Pre-refunded municipal obligations meeting the requirements of paragraph (j) of the definition of Permitted Investments; or

(f) Obligations issued by the following agencies which are backed by the full faith and credit of the United States: (i) U.S. Export-Import Bank (Eximbank), Direct obligations or fully guaranteed certificates of beneficial ownership; (ii) Farmers Home Administration (FmHA), Certificates of beneficial ownership; (iii) Federal Financing Bank; (iv) General Services Administration, Participation certificates; (iv) U.S. Maritime Administration, Guaranteed Title XI financing; (v) U.S. Department of Housing and Urban Development (HUD), Project Notes, Local Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

“*Department*” means the Missouri Department of Economic Development.

“*Economic Activity Taxes*” mean fifty percent (50%) of the total additional revenue from taxes which are imposed by other taxing districts (as that term is defined in the Act) and which taxes are generated by economic activities within Midtown Redevelopment Area over the amount of such taxes generated by economic activities within such Midtown Redevelopment Area in the calendar year preceding the adoption of tax increment financing for the Midtown Redevelopment Area, but excluding therefrom (i) personal property taxes, (ii) any taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, (iii) taxes levied pursuant to Section 70.500 R.S.Mo., (iv) taxes levied for public transportation pursuant to Section 94.660 R.S.Mo. and (v) licenses, fees or special assessments, other than payments in lieu of taxes, and penalties and interest thereon.

“*Event of Default*” means any event of default as defined in **Section 7.01** hereof.

“*Event of Nonappropriation*” means failure of the Issuer to budget and appropriate on or before the last day of any Fiscal Year moneys sufficient to pay the debt service payments and additional amounts due under the Indenture and payable during the next Fiscal Year.

“*Fiscal Year*” means the Issuer’s fiscal year, which is currently May 1 to April 30, or as it may be hereinafter defined by the Issuer.

“*Government Obligations*” means 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.

“*Incremental Tax Revenues*” means PILOTS from Midtown Redevelopment Area and, when appropriated by the Issuer or the State as applicable, Economic Activity Taxes, Super TIF Revenues and State TIF Revenues collected in the Midtown Redevelopment Area and which are assigned to the Trustee pursuant to the Cooperative Agreement.

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

“*Internal Revenue Code*” means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) thereunder and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

“*Issuer*” means the City of Kansas City, Missouri, a constitutional charter city and political subdivision of the State of Missouri and its successors and assigns.

“*Issuer Representative*” means the City Manager, the Director of Finance, the City Treasurer or any such other person at the time designated to act on behalf of the Issuer as evidenced by a written certificate furnished by the Issuer to the Trustee containing the specimen signature of such person and signed on behalf of the Issuer by the Director of Finance. References to each Issuer Representative shall include any person designated as serving in an acting capacity. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Issuer Representative.

“*Midtown Business Interruption Fund*” means the fund by that name created by **Section 4.01** hereof.

“*Midtown Developer*” means Midtown Redevelopment Corporation, a Missouri corporation and its successors and assigns.

“*Midtown Economic Activity Tax Account*” means the Economic Activity Tax Account in the Midtown Redevelopment Project Special Allocation Fund.

“*Midtown PILOTS Account*” means the PILOTS Account in the Midtown Redevelopment Project Special Allocation Fund.

“*Midtown Redevelopment Agreement*” means the Agreement dated as of April 5, 1995 by and between the Commission and the Midtown Developer.

“*Midtown Redevelopment Area*” means the areas described in **Exhibit A** of the Cooperative Agreement.

“*Midtown Redevelopment Project Area*” means collectively, the areas within the Midtown Redevelopment Area selected for redevelopment projects pursuant to the Midtown Redevelopment Plan as legally described on **Exhibit A** of the Cooperative Agreement

“*Midtown Redevelopment Plan*” or “*Plan*” means the Midtown Tax Increment Financing Plan dated April 1, 1993, as amended by the First Amendment to the Midtown Tax Increment Financing Plan approved May 15, 1995, the Second Amendment to the Midtown Tax Increment Financing Plan approved September 15, 1999 and the Third Amendment to the Midtown Tax Increment Financing Plan approved October 11, 2000.

“*Midtown Redevelopment Project*” shall have the meaning set forth in the Recitals hereof.

“*Midtown Redevelopment Project Special Allocation Fund*” means as to each of the Issuer and the Commission, the Redevelopment Special Allocation Fund held and maintained by the Issuer and Commission, relating to the Midtown Redevelopment Project and within such Redevelopment Special Allocation Fund, a PILOTS Account and an Economic Activity Tax Account, maintained by the Issuer or the Commission, as applicable.

“*Moody’s*” means Moody’s Investors Service, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*Moody’s*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, by notice to the Trustee.

“*Officer’s Certificate*” means a written certificate in the form described in **Section 11.04** hereof of the Issuer signed by the Issuer Representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, the Issuer with respect to matters set forth therein.

“*Opinion of Co-Bond Counsel*” means a written opinion in the form described in **Section 11.04** hereof of any legal counsel acceptable to the Issuer and the Trustee who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

“*Opinion of Counsel*” means a written opinion in the form described in **Section 11.04** hereof of any legal counsel acceptable to the Trustee, who may be an employee of or counsel to the Trustee, the Issuer or the Commission.

“*Original Purchaser*” means J.P. Morgan Securities LLC, as representative of the underwriters listed in the Bond Purchase Agreement.

“*Outstanding*” means when used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under this Indenture, except:

- (a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in **Section 2.10** of this Indenture;
- (b) Bonds for whose payment or redemption money or Government Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the owners of such Bonds as provided in **Section 10.01** of this Indenture, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Indenture; and
- (d) Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in **Section 2.09** of this Indenture.

“*Participants*” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“*Paying Agent*” means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to this Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

“*Payment Date*” means any date on which the principal of or interest on any Bonds is payable.

“*Payments in Lieu of Taxes*” or “*PILOTs*” means those payments in lieu of taxes (as defined in Sections 99.805(10) and 99.845 of the Act), if any, received by the Commission or the Issuer, attributable to the increase in the current equalized assessed valuation of all taxable lots, blocks, tracts and parcels of real property in Midtown Redevelopment Area over and above the certified total initial equalized assessed valuation of the real property in Midtown Redevelopment Area, as provided for by Section 99.845 of the Act, as in effect on the date of issuance of the Bonds.

“*Permitted Investments*” means any of the following securities, if and to the extent the same are at the time legal for investment of the moneys held in the funds and accounts listed in the Indenture:

1. United States Treasury Securities (Bills, Notes, Bonds and Strips).
2. United States Agency/GSE Securities. The Issuer may invest in obligations issued or guaranteed by any agency of the United States Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable market value that are described as follows:
 - (a) U.S. Government Agency Coupon and Zero Coupon Securities.
 - (b) U.S. Government Agency Discount Notes.
 - (c) U.S. Government Agency Callable Securities. Restricted to securities callable at par only.
 - (d) U.S. Government Agency Step-Up Securities. The coupon rate is fixed for an initial term. At the step-up date, the coupon rate rises to a new, higher fixed interest rate.
 - (e) U.S. Government Agency Floating Rate Securities. Restricted to coupons with no interim caps that reset at least quarterly and that float off of only one index.
 - (f) U.S. Government Agency/GSE Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than five (5) years when analyzed in a +300 basis point interest rate environment.
3. Repurchase Agreements. The Issuer may invest in contractual agreements between the Issuer and commercial banks or primary government securities dealers. The Securities Industry & Financial Markets Association’s (or any successor’s) guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions as more fully described in the Issuer’s investment policy. All repurchase agreement transactions will be either physical delivery or tri-party.
4. Bankers’ Acceptances. The Issuer may invest in bankers’ acceptances issued by domestic commercial banks possessing the highest credit rating issued by Moody’s or S&P.

5. Commercial Paper. The Issuer may invest in commercial paper issued by domestic corporations, which has received the highest short-term credit rating issued by Moody's or S&P. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars (\$500,000,000) and are not listed on Credit Watch with negative implications by any nationally recognized credit rating agency at the time of purchase.

6. Municipal Securities (State and Local Government Obligations). The Issuer may invest in municipal obligations that are issued in either tax-exempt or taxable form.

(a) Any full faith and credit obligations of the State of Missouri rated at least A or A2 by S&P or Moody's.

(b) Any full faith and credit obligations of any city, county or school district in the State of Missouri rated at least AA or Aa2 by S&P or Moody's.

(c) Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least A or A2 by S&P or Moody's.

(d) Any full faith and credit obligation of any state or territory of the United States of America rated at least AA or Aa2 by S&P or Moody's.

(e) Any full faith and credit obligations of any city, county or school district in any state or territory of the United States of America rated AAA or Aaa by S&P or Moody's.

(f) Any revenue bonds issued by the Missouri Department of Transportation rated at least AA or Aa2 by S&P or Moody's.

(g) Any municipal obligation that is pre-refunded or escrowed to maturity as to both principal and interest with escrow securities that are fully guaranteed by the United States Government, without regard to rating by S&P or Moody's.

7. Money Market Mutual Funds. Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, rated in either of the two highest categories by Moody's and S&P (in either case without regard to any modifier).

8. Other. Such other investments not described above that are allowed pursuant to Missouri law and approved in the Charter.

References to particular ratings and rating categories in this definition are applicable only at the time of purchase of the Permitted Investments.

"Person" means any natural person, firm, association, corporation, partnership, limited liability, company, joint stock company, a joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

"Rating Agency" means Moody's or S&P or any other nationally recognized securities rating service.

"Rebate Fund" means the fund by that name created by **Section 4.01** hereof.

“*Record Date*” means the fifteenth day (whether or not a Business Day) of the calendar month in which an interest payment on any Bond is to be made.

“*Refunded Bonds*” means the \$17,425,000 Outstanding principal amount of The Industrial Development Authority of the City of Kansas City, Missouri Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A maturing on and after April 1, 2018.

“*Refunding Fund*” means that Fund by that name created by **Section 4.01** hereof.

“*Replacement Bonds*” means Bonds issued to the beneficial owners of the Bonds in accordance with **Section 2.11** hereof.

“*Revenue Fund*” means that Fund by that name created by **Section 4.01** hereof.

“*Securities Depository*” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“*Series 2017D Bonds*” means the series of the Issuer’s Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D, in the aggregate principal amount of \$16,185,000, issued pursuant to **Section 2.02** of this Indenture.

“*S&P*” means S&P Global Ratings, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, Standard & Poor’s shall be deemed to refer to any other nationally recognized securities rating service designated by the Issuer, with notice to the Trustee.

“*State TIF Revenues*” means amounts made available to the Issuer through the State Supplemental Tax Increment Financing Program pursuant to Section 99.845, Revised Statutes of Missouri, and in conformance with an Amended Certificate of Approval from the Missouri Department of Economic Development relating to the Plan.

“*Super TIF Revenues*” means an amount equal to the 50% of the Issuer’s sales tax revenue and earnings tax revenue attributable to economic activity or earned in the Midtown Redevelopment Area and which does not constitute economic activity taxes under the Act, which may be appropriated on an annual basis by the Issuer, to be made available for payment of debt service on the Bonds.

“*Supplemental Indenture*” means any indenture supplemental or amendatory to this Indenture entered into by the Issuer and the Trustee pursuant to **Article IX** of this Indenture.

“*Tax Compliance Agreement*” means the Tax Compliance Agreement of even date herewith between the Issuer and the Trustee.

“*Transaction Documents*” means this Indenture, the Cooperative Agreement, the Bonds, the Official Statement relating to the Bonds, the Continuing Disclosure Undertaking, the Bond Purchase Agreement, the Tax Compliance Agreement and any and all other documents or instruments that evidence or are a part of the transactions referred to in this Indenture, the Cooperative Agreement or the Official Statement or contemplated by this Indenture or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Transaction Documents” are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

“*Trust Estate*” means the Trust Estate described in the Granting Clauses of this Indenture.

“*Trustee*” means UMB Bank, N.A., Kansas City, Missouri, in its capacity as Trustee hereunder, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to and at the time serving as trustee under this Indenture.

Section 1.02. Rules of Construction. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction apply in construing the provisions of this Indenture:

- (a) The terms defined in this Article include the plural as well as the singular.
- (b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles.
- (c) All references herein to “generally accepted accounting principles” refer to such principles in effect on the date of the determination, certification, computation or other action to be taken hereunder using or involving such terms.
- (d) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to be the designated Articles, Sections and other subdivisions of this instrument as originally executed.
- (e) The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.
- (f) The Article and section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.
- (g) Whenever an item or items are listed after the word “including,” such listing is not intended to be a listing that excludes items not listed.

ARTICLE II

THE BONDS

Section 2.01. Authorization, Amount and Title of Bonds. The Issuer may issue Bonds in series from time to time under this Indenture, but subject to the provisions of this Indenture and any Supplemental Indenture authorizing a series of Bonds. No Bonds may be issued under this Indenture except in accordance with the provisions of this Article. The total principal amount of Bonds, the number of Bonds and series of Bonds that may be issued under this Indenture is not limited, except with respect to the Series 2017D Bonds as provided in **Section 2.02** hereof, and with respect to Additional Bonds as provided in **Section 2.03** hereof and in the Supplemental Indenture providing for the issuance thereof, and except as may be limited by law. The several series of Bonds may differ as between series in any respect not in conflict with the provisions of this Indenture and as may be prescribed in the Supplemental Indenture authorizing such series. The general title of all series of Bonds authorized to be issued under this Indenture shall be “Special Obligation Bonds,” with such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular series as the Issuer may determine.

Section 2.02. Authorization of Series 2017D Bonds. There shall be issued under and secured by this Indenture a series of Bonds in the aggregate principal amount of \$16,185,000 Special Obligation

Refunding Bonds (Midtown Redevelopment Project) Series 2017D (the “Series 2017D Bonds”). The Series 2017D Bonds are being issued for the purpose of providing funds to (a) refund the Refunded Bonds, and (b) pay certain Costs of Issuance for the Series 2017D Bonds. The Series 2017D Bonds shall be dated the Bond Issuance Date, shall mature on April 1 in the years and in the respective principal amounts (subject to prior redemption as provided in **Article III** hereof), and shall bear interest at the respective rates per annum, as follows:

Series 2017D Bonds

Serial Bonds

Maturity April 1	Principal Installment	Interest Rate
2018	\$3,155,000	5.000%
2019	3,385,000	5.000
2020	3,615,000	5.000
2021	2,940,000	5.000
2022	3,090,000	5.000

The Series 2017D Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their dated date or from the most recent interest payment date to which interest has been paid or duly provided for, payable on April 1 and October 1 of each year, beginning on October 1, 2017.

The Series 2017D Bonds shall be executed in the manner set forth herein and delivered to the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of the Series 2017D Bonds by the Trustee the following documents shall be filed with the Trustee:

- (a) A copy, certified by the City Clerk of the Issuer, of the Ordinance passed by the Issuer authorizing the issuance of the Series 2017D Bonds and the execution of this Indenture and any other Transaction Documents to which it is a party.
- (b) An original executed counterpart of this Indenture and the Cooperative Agreement.
- (c) A request and authorization to the Trustee on behalf of the Issuer, executed by the Issuer Representative, to authenticate the Series 2017D Bonds and deliver said Bonds to the purchasers therein identified upon payment to the Trustee, for the account of the Issuer, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amounts of such purchase price.
- (d) An Opinion of Co-Bond Counsel, dated the date of original issuance of the Series 2017D Bonds.
- (e) Such other certificates, statements, opinions, receipts and documents required by any of the Transaction Documents or as Co-Bond Counsel or the Trustee shall reasonably require for the delivery of the Series 2017D Bonds.

When the documents specified above have been filed with the Trustee, and when the Series 2017D Bonds shall have been executed and authenticated as required by this Indenture, the Trustee shall deliver the Series 2017D Bonds to or upon the order of the Original Purchaser thereof, but only upon payment to

the Trustee of the purchase price of the Series 2017D Bonds. The proceeds of the sale of the Series 2017D Bonds, including accrued interest and premium thereon, if any, shall be immediately paid over to the Trustee, and the Trustee shall deposit and apply such proceeds as provided in **Article IV** hereof.

Section 2.03. Authorization of Additional Bonds. Additional Bonds may be issued under and equally and ratably secured by this Indenture on a parity (except as otherwise provided in this Section) with the Series 2017D Bonds and any other Additional Bonds at any time and from time to time, upon compliance with the conditions set forth in this Section.

Before any Additional Bonds are issued under the provisions of this Section, the Issuer shall pass an Ordinance (a) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof and describing the purpose or purposes for which such Additional Bonds are being issued, (b) authorizing the Issuer to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such series of Bonds and the form of the Bonds of such series, and (c) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the Issuer, are not prejudicial to the Issuer or the owners of the Bonds previously issued.

Such Additional Bonds shall have the same general title as the Series 2017D Bonds, except for an identifying series letter or date, and shall be dated, shall mature on such dates, shall be numbered, shall bear interest at such rates not exceeding the maximum rate then permitted by law payable at such times, and shall be redeemable at such times and prices (subject to the provisions of **Article III** of this Indenture), all as provided by the Supplemental Indenture authorizing the issuance of such Additional Bonds. Except as to any difference in the date, the maturities, the rates of interest or the provisions for redemption, such Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of this Indenture as the Series 2017D Bonds and any other Additional Bonds.

Such Additional Bonds shall be executed in the manner set forth in **Section 2.06** hereof and shall be deposited with the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of such Additional Bonds by the Trustee, and as a condition precedent thereto, there shall be filed with the Trustee the following:

- (a) A copy, certified by the City Clerk of the Issuer, of the Ordinance passed by the Issuer authorizing the issuance of such Additional Bonds and the execution of the Supplemental Indenture and supplements to any other Transaction Documents as may be necessary.
- (b) An original executed counterpart of the Supplemental Indenture, executed by the Issuer and the Trustee, authorizing the issuance of the Additional Bonds being issued, specifying, among other things, the terms thereof.
- (c) An Officer's Certificate (i) stating that no event of default under the Indenture has occurred and is continuing and that no event has occurred and is continuing which with the lapse of time or giving of notice, or both, would constitute such an event of default, and (ii) stating the purpose or purposes for which such Additional Bonds are being issued.
- (d) A request and authorization to the Trustee, on behalf of the Issuer, executed by the Issuer Representative, to authenticate the Additional Bonds and deliver such Additional Bonds to the purchasers therein identified upon payment to the Trustee, for the account of the Issuer, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amounts of such purchase price.

(e) An Opinion of Co-Bond Counsel to the effect that all requirements for the issuance of such Additional Bonds have been met and the issuance of such Additional Bonds will not result in the interest on any Bonds then Outstanding becoming subject to federal income taxes then in effect.

(f) Such other certificates, statements, receipts and documents required by any of the Transaction Documents or as the Issuer or the Trustee shall reasonably require for the delivery of the Additional Bonds.

When the documents specified above have been filed with the Trustee, and when such Additional Bonds have been executed and authenticated as required by this Indenture, the Trustee shall deliver such Additional Bonds to or upon the order of the purchasers thereof, but only upon payment to the Trustee of the purchase price of such Additional Bonds. The proceeds of the sale of such Additional Bonds, including accrued interest and premium thereon, if any, shall be immediately paid over to the Trustee and shall be deposited and applied by the Trustee as provided in **Article IV** hereof and in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

Except as provided in this Section, the Issuer will not otherwise issue any obligations on a parity with the Bonds, but the Issuer may issue other obligations specifically subordinate and junior to the Bonds.

Section 2.04. Method and Place of Payment. The principal of, redemption premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

The principal of and the redemption premium, if any, on all Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond register maintained by the Trustee at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the principal corporate trust office of the Trustee or of any Paying Agent named in the Bonds.

The interest payable on each Bond on any interest payment date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond register at the close of business on the Record Date for such interest, (a) by check or draft mailed to such registered owner at such owner's address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such owner, or (b) at the written request addressed to the Trustee by any owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to such owner upon written notice to the Trustee from such owner containing the electronic transfer instructions (which shall be in the continental United States) to which such owner wishes to have such transfer directed and such written notice is given by such owner to the Trustee not less than 15 days prior to the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Interest on any Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the owner of such Bond on the relevant Record Date and shall be payable to the owner in whose name such Bond is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to

the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the owners of the Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each owner of a Bond entitled to such notice at the address of such owner as it appears on the bond register not less than 10 days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 2.05. Form, Denomination, Numbering and Dating. The Bonds of each series issued under this Indenture shall be issuable as fully registered bonds without coupons in substantially the form set forth in **Exhibit A** attached to this Indenture and the Supplemental Indenture under which any Additional Bonds are issued, in each case with such necessary or appropriate variations, omissions and insertions as are permitted or required by this Indenture or any Supplemental Indenture. The Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any custom, usage or requirement of law with respect thereto.

The Series 2017D Bonds shall be issuable in the denomination of \$5,000 or any integral multiple thereof. The Bonds of each series of Additional Bonds shall be issuable in such denominations as provided in the Supplemental Indenture authorizing such series. In the absence of any such provision with respect to the Bonds of any particular series, the Bonds of such series shall be of the denominations of \$5,000 and any integral multiple thereof.

The Series 2017D Bonds shall be numbered from R-1 consecutively upward in order of issuance or in such other manner as the Trustee shall designate. The Bonds of each series of Additional Bonds shall be numbered as provided in the Supplemental Indenture authorizing such series. In the absence of any such provision with respect to the Bonds of any particular series, the Bonds of such series shall be numbered R-1 and upward or in such other manner as the Trustee shall designate.

The Series 2017D Bonds shall be dated as provided in **Section 2.02** of this Indenture. The Bonds of each series of Additional Bonds shall be dated as provided in the Supplemental Indenture authorizing such series of Bonds. In the absence of any such provision with respect to the Bonds of any particular series, the Bonds of such series shall be dated the date of their original authentication and delivery.

Section 2.06. Execution and Authentication. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, and shall have the seal of the Issuer affixed thereto or imprinted thereon. If any officer whose manual or facsimile signature appears on any Bonds shall cease to hold such office before the authentication and delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such person had remained in office until delivery. Any Bond may be signed by such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

No Bond shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form provided for in **Exhibit A** hereto, executed by the Trustee by manual signature of

an authorized officer or signatory of the Trustee, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly authenticated and delivered hereunder. At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Bonds executed by the Issuer to the Trustee for authentication and the Trustee shall authenticate and deliver such Bonds as in this Indenture provided and not otherwise.

Section 2.07. Registration, Transfer and Exchange. The Trustee shall cause to be kept at its principal corporate trust office a register (referred to herein as the “bond register”) in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration, transfer and exchange of Bonds as herein provided. The Trustee is hereby appointed “bond registrar” for the purpose of registering Bonds and transfers of Bonds as herein provided.

Bonds may be transferred or exchanged only upon the bond register maintained by the Trustee as provided in this Section. Upon surrender for transfer or exchange of any Bond at the principal corporate trust office of the Trustee, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same maturity, of any authorized denominations and of a like aggregate principal amount.

Every Bond presented or surrendered for transfer or exchange shall (if so required by the Issuer or the Trustee, as bond registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Trustee, as bond registrar, duly executed by the owner thereof or such owner’s attorney or legal representative duly authorized in writing.

All Bonds surrendered upon any exchange or transfer provided for in this Indenture shall be promptly cancelled by the Trustee and thereafter disposed of as required by applicable law.

All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such transfer or exchange.

No service charge shall be made for any registration, transfer or exchange of Bonds, but the Trustee or Securities Depository may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, and such charge shall be paid before any such new Bond shall be delivered. The fees and charges of the Trustee for making any transfer or exchange and the expense of any bond printing necessary to effect any such transfer or exchange shall be paid by the Issuer. In the event any registered owner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may impose a charge against such registered owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Internal Revenue Code, such amount may be deducted by the Trustee from amounts otherwise payable to such registered owner hereunder or under the Bonds.

The Trustee shall not be required (a) to transfer or exchange any Bond during a period beginning at the opening of business 15 days before the day of the first publication or the mailing (if there is no publication) of a notice of redemption of such Bond and ending at the close of business on the day of such publication or mailing, or (b) to transfer or exchange any Bond so selected for redemption in whole or in part, during a period beginning at the opening of business on any Record Date for such series of Bonds and ending at the close of business on the relevant interest payment date therefor.

The Person in whose name any Bond shall be registered on the bond register shall be deemed and regarded as the absolute owner thereof for all purposes, except as otherwise provided in this Indenture, and payment of or on account of the principal of and premium, if any, and interest on any such Bond shall be

made only to or upon the order of the registered owner thereof or such owner's legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Trustee will keep on file at its principal corporate trust office a list of the names and addresses of the last known owners of all Bonds and the serial numbers of such Bonds held by each of such owners. At reasonable times and under reasonable regulations established by the Trustee, the list may be inspected and copied by the Issuer, or the owners of 10% or more in principal amount of Bonds Outstanding or the authorized representative thereof, provided that the ownership of such owner and the authority of any such designated representative shall be evidenced to the satisfaction of the Trustee.

Section 2.08. Temporary Bonds. Pending the preparation of definitive Bonds, the Issuer may execute, and upon request of the Issuer the Trustee shall authenticate and deliver, temporary Bonds which are printed, lithographed, typewritten, or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are issued, with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Bonds may determine, as evidenced by their execution of such Bonds. If temporary Bonds are issued, the Issuer will cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds at the principal corporate trust office of the Trustee, without charge to the owner. Upon surrender for cancellation of any one or more temporary Bonds, the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Bonds of authorized denominations. Until so exchanged, temporary Outstanding Bonds shall in all respects be entitled to the security and benefits of this Indenture.

Section 2.09. Mutilated, Destroyed, Lost and Stolen Bonds. If (a) any mutilated Bond is surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Issuer and the Trustee such security or indemnity as may be required by the Trustee to save the Trustee and the Issuer harmless, then, in the absence of notice to the Trustee that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and upon its request the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond under this Section, the Issuer and the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

Every new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond, shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Indenture equally and ratably with all other Outstanding Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

Section 2.10. Cancellation of Bonds. All Bonds surrendered for payment, redemption, transfer, exchange or replacement, if surrendered to the Trustee, shall be promptly cancelled by the Trustee, and, if surrendered to any Paying Agent other than the Trustee, shall be delivered to the Trustee and, if not already cancelled, shall be promptly cancelled by the Trustee. The Issuer may at any time deliver to the Trustee for cancellation any Bonds previously authenticated and delivered hereunder, which the Issuer may have

acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Trustee. No Bond shall be authenticated in lieu of or in exchange for any Bond cancelled as provided in this Section, except as expressly provided by this Indenture. All cancelled Bonds held by the Trustee shall be disposed of in accordance with applicable law.

Section 2.11. Book-Entry Bonds; Securities Depository. The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no beneficial owner will receive certificates representing their respective interests in the Bonds, except in the event the Trustee issues Replacement Bonds as provided in this Section. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Trustee authenticates and delivers Replacement Bonds to the beneficial owners as described in this Section. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of the Securities Depository, the Trustee and the Issuer may treat the Securities Depository (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, giving any notice permitted or required to be given to Owners of Bonds under this Indenture, registering the transfer of Bonds, and all notices required to be given to Owners of Bonds may be sent by electronic means.

If the Issuer determines (a)(i) that the Securities Depository is unable to properly discharge its responsibilities, or (ii) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (iii) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any bondowner other than the Securities Depository is no longer in the best interests of the beneficial owners of the Bonds, or (b) if the Trustee receives written notice from Participants having interests in not less than 50% of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any bondowner other than the Securities Depository is no longer in the best interests of the beneficial owners of the Bonds, then the Trustee shall notify the bondowners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Trustee shall register in the name of and authenticate and deliver Replacement Bonds to the beneficial owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(i) or (a)(ii) of this paragraph, the Issuer, with the consent of the Trustee, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers. In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the Issuer, the Trustee or bondowners are unable to locate a qualified successor of the Securities Depository in accordance with the following paragraph, then the Trustee shall authenticate and cause delivery of Replacement Bonds to bondowners, as provided herein. The Trustee may rely on information from the Securities Depository and its Participants as to the names, addresses and principal amounts held of the beneficial owners of the Bonds. The cost of printing, registration, authentication, payment, transfer and delivery of Replacement Bonds shall be paid for by the Issuer.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be

a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Trustee upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. Redemption of Bonds Generally. The Bonds are subject to redemption prior to maturity in accordance with their terms and the terms and provisions set forth in this Article. Additional Bonds shall be subject to redemption prior to maturity in accordance with the applicable terms and provisions contained in this Article and as may be specified in such Bonds and the Supplemental Indenture authorizing such Bonds.

Section 3.02. Redemption of Series 2017D Bonds. The Series 2017D Bonds are not subject to redemption and payment prior to maturity.

ARTICLE IV

FUNDS AND ACCOUNTS AND APPLICATION OF BOND PROCEEDS AND OTHER MONEYS

Section 4.01. Creation of Funds and Accounts. There are hereby created and ordered to be established in the custody of the Trustee the following special trust funds in the name of the Issuer to be designated as follows:

- (a) Costs of Issuance Fund.
- (b) Debt Service Fund, with a Redemption Account therein.
- (c) Revenue Fund, and within such Revenue Fund a State Sales Tax Revenues Account, an Incremental Tax Revenues Account, a Super TIF Revenues Account and a City Revenues Account.
- (d) Refunding Fund.
- (e) Rebate Fund.
- (f) Midtown Business Interruption Fund.

The Trustee is authorized to establish separate accounts within such funds or otherwise segregate moneys within such funds, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient, or as the Trustee shall be instructed by the Issuer.

Section 4.02. Deposit of Bond Proceeds and Other Moneys.

(a) The net proceeds from the sale of the Series 2017D Bonds (\$17,622,158.94, representing \$16,185,000 principal amount, plus net original issue premium of \$1,477,563.70, less Original Purchaser's discount of \$40,404.76), shall be deposited or applied simultaneously with the delivery of the Series 2017D Bonds, as follows:

(i) There shall be paid to the Trustee and deposited in the Costs of Issuance Fund an amount equal to \$133,642.41, which deposit shall be disbursed by the Trustee pursuant to **Section 4.03** hereof.

(ii) The sum of \$17,478,516.53 shall be deposited in the Refunding Fund to be transferred to the Escrow Fund, together with \$418,825.00 transferred from the Debt Service Fund for the Refunded Bonds as described below for a total of \$17,897,341.53.

(iii) There shall be paid to the Trustee and deposited in the Rebate Fund an amount equal to \$10,000.00 of the proceeds of the Series 2017D Bonds, to be applied to the cost of rebate calculations; provided that if such funds are not needed for such purpose in whole or in part, such funds shall be transferred to the Debt Service Fund.

(b) Other moneys of the Issuer shall be deposited or applied simultaneously with the delivery of the Series 2017D Bonds, as follows:

(i) (ii) \$418,825.00 transferred from the Debt Service Fund maintained under the trust indenture pursuant to which the Refunded Bonds were issued will be transferred to the Escrow Fund.

Section 4.03. Costs of Issuance Fund. The moneys on deposit in the Costs of Issuance Fund shall be disbursed by the Trustee from time to time, upon receipt of written disbursement requests of the Issuer in substantially the form of **Exhibit B** hereto and signed by the Issuer Representative, in amounts equal to the amount of Costs of Issuance certified in such written requests. At such time as the Trustee is furnished with an Officer's Certificate from the Issuer stating that all Costs of Issuance have been paid, and in any case not later than six months from the date of original issuance of the Series 2017D Bonds, the Trustee shall transfer any moneys remaining in the Costs of Issuance Fund to the Debt Service Fund as instructed by the Issuer Representative.

Section 4.04. Debt Service Fund. The Trustee shall deposit and credit to the Debt Service Fund, as and when received, as follows:

(a) The amounts required to be deposited therein under **Section 4.02** hereof.

(b) Any amount required to be transferred from the Revenue Fund pursuant to **Section 4.06** hereof.

(c) Interest earnings and other income on Permitted Investments required to be deposited in the Debt Service Fund pursuant to **Section 5.02** hereof.

(d) Any amounts required by a Supplemental Indenture authorizing the issuance of Additional Bonds to be deposited in the Debt Service Fund, as specified in such Supplemental Indenture.

(e) All other moneys received by the Trustee under and pursuant to any of the provisions of this Indenture or any other Transaction Document, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Fund.

The moneys in the Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of this Indenture to pay the principal of and redemption premium, if any, and interest

on the Bonds as the same become due and payable. Except as otherwise provided herein, moneys in the Debt Service Fund shall be expended solely as follows: (i) to pay interest on the Bonds as the same becomes due; (ii) to pay principal of the Bonds as the same mature or become due and upon mandatory sinking fund redemption thereof; and (iii) to pay principal of and redemption premium, if any, on the Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to maturity.

The Trustee is authorized and directed to withdraw sufficient funds from the Debt Service Fund to pay principal of, redemption premium, if any, and interest on the Bonds as the same become due and payable at maturity or upon redemption and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said principal, redemption premium, if any, and interest.

The Trustee, upon the written instructions from the Issuer, shall transfer any excess moneys in the Debt Service Fund to the Redemption Account therein. Amounts deposited in the Redemption Account may be used to redeem all or part of the Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the Issuer, in accordance with the provisions of **Article III** hereof, to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption. The Issuer may cause such excess money in the Redemption Account or such part thereof or other moneys of the Issuer, as the Issuer may direct, to be applied by the Trustee on a best efforts basis to the extent practical for the purchase of Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of redemption premium, if any, and interest on the Bonds (or after provision has been made for the payment thereof as provided in **Section 10.01** of this Indenture), and the fees, charges and expenses of the Trustee, any Paying Agents and the Issuer, and any other amounts required to be paid under this Indenture, all amounts remaining in the Debt Service Fund shall be paid to the Issuer.

Section 4.05. Deposits into the Revenue Fund.

(a) All State Sales Tax Revenues identified as such by the Commission or Issuer shall be paid over to and deposited by the Trustee into the State Sales Tax Revenue Account, as and when received.

(b) The following moneys shall be paid over to and deposited by the Trustee into the Incremental Tax Revenues Account, as and when received:

(i) The amounts identified by the Commission or Issuer as funds paid by the Commission or the Issuer pursuant to **Section 4.02** of the Cooperative Agreement.

(ii) All other moneys received by the Trustee when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Incremental Tax Revenues Account.

(c) The following moneys shall be paid over to and deposited by the Trustee into the Super TIF Revenues Account, as and when received:

(i) The amounts identified by the Commission or Issuer as funds paid by the Commission or the Issuer pursuant to **Section 4.02** of the Cooperative Agreement.

(ii) All other moneys received by the Trustee when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Super TIF Account.

(d) The Trustee shall deposit into the City Revenues Account all moneys received by the Trustee when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the City Revenues Account, including Appropriated Moneys and City Revenues.

Section 4.06. Application of Moneys in the Revenue Fund.

(a) On the second Business Day preceding each Payment Date (except as otherwise provided below), or any other appropriate Business Day upon instructions from the Issuer, moneys in the Revenue Fund shall be applied by the Trustee for the remaining purposes and in the amounts as follows:

First, to the Debt Service Fund in an amount equal to the debt service due on the Bonds on such date (to the extent of moneys in the following accounts) in the following order of priority: (1) State Sales Tax Revenues Account, (2) Incremental Tax Revenues Account, (3) Super TIF Revenues Account, then (4) City Revenues Account.

Second, to the Rebate Fund, an amount sufficient to pay rebate, if any, to the United States of America, owed under Section 148 of the Code, as directed in writing by the Issuer in accordance with the Tax Compliance Agreement;

Third, to the Trustee or any Paying Agent, an amount sufficient for payment of any reasonable fees and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the Issuer of an invoice for such amounts, and any surveillance fees of the Rating Agencies,

Fourth, to the Commission, an amount sufficient to reimburse the Commission for its reasonable administrative and professional service fees, costs and expenses (including staff time) in connection with the performance of its obligations under the Plan and the Midtown Redevelopment Agreement, upon delivery to the Trustee of a written request for such amounts stating that such payment is permitted under the Act;

(b) In the event that moneys remain in the Revenue Fund on and after each Payment Date, such moneys may be used for any purposes authorized by the Act as directed in writing by the Issuer, including but not limited to the reimbursement to the Issuer for any portion of the applicable debt service made by the Issuer from moneys other than the Incremental Tax Revenues and Super TIF Revenues identified in **Section 4.02** of the Cooperative Agreement.

(c) In addition to the disbursement required by subsection (a), moneys in the State Sales Tax Revenues Account, the Incremental Tax Revenues Account, the Super TIF Revenues Account and the City Revenues Account shall be disbursed on an annual basis between November 1 and December 1 for such purposes as determined by the Issuer from time to time at the direction of the Issuer after receipt by the Trustee of written disbursement requests by the Issuer in substantially the form of **Exhibit C** hereto, complete in all respects and signed by the Issuer Representative.

Upon the payment in full of the principal of and interest on the Bonds (or provision has been made for the payment thereof as specified in this Indenture) and the fees, charges and expenses of the Trustee and any Paying Agents, and any other amounts required to be paid under this Indenture or the Cooperative Agreement, all amounts remaining on deposit in the Revenue Fund (other than in the Super TIF Revenues Account, the State Sales Tax Revenues Account or City Revenues Account) shall be deposited into the

Special Allocation Fund. Amounts in the State Sales Tax Revenues Account shall be disbursed to the Issuer to fund additional projects under the Plan, and amounts in the Super TIF Revenues Account and the City Revenues Account shall be returned to the Issuer.

Section 4.07. Midtown Business Interruption Fund.

(a) The Trustee shall deposit into the Midtown Business Interruption Fund all moneys received by the Trustee when accompanied by written directions from the person depositing such moneys that such moneys are to be paid into the Midtown Business Interruption Fund.

(b) Except as otherwise provided in this Indenture, moneys in the Midtown Business Interruption Fund shall be used by the Trustee upon written direction of the Issuer for the payment of the principal of and interest on the Bonds if moneys otherwise available for such purpose as provided in **Section 4.04** hereof are insufficient to pay the same as they become due and payable. In the event the balance of moneys in the Debt Service Fund is insufficient to pay principal of or interest on the Bonds when due and payable, upon direction of the Issuer moneys in the Midtown Business Interruption Fund, if any, shall be transferred into the Debt Service Fund in an amount sufficient to make up such deficiency. Such moneys shall be used first to make up any deficiency in the payment of interest and then principal. Moneys in the Midtown Business Interruption Fund shall also be used to pay the last Bonds becoming due unless such Bonds and all interest thereon be otherwise paid.

(c) Upon written direction of the Issuer, moneys in the Midtown Business Interruption Fund shall also be disbursed in accordance with the Issuer's direction to pay such Redevelopment Costs as may be permitted under the Act.

(d) Moneys in the Midtown Business Interruption Fund may be used for such other purposes as shall be directed by the Issuer.

(e) After payment in full of the principal of, redemption premium, if any, and interest on the Bonds (or provision has been made for the payment thereof as specified in this Indenture), and the fees, charges and expenses of the Trustee and any Paying Agents and any other amounts required to be paid under this Indenture, all amounts remaining in the Midtown Business Interruption Fund shall be paid to the Issuer.

Section 4.08. Rebate Fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America or any expenses incurred in connection with the calculation of rebate, and neither the Issuer nor the owner of any Bonds shall have any rights in or claim to such money, except as provided in **Section 402(a)(iii)**. All amounts held in the Rebate Fund shall be governed by this Section and by the Tax Compliance Agreement (which are incorporated herein by reference).

Pursuant to the Tax Compliance Agreement, the Trustee shall remit all required rebate installments and a final rebate payment to the United States in accordance with the written direction of the Issuer. Neither the Trustee nor the Issuer shall have any obligation to pay any amounts required to be rebated pursuant to this Section and the Tax Compliance Agreement, other than from moneys held in the Rebate Fund created under this Indenture as provided in this Indenture or from other moneys provided to it by the Issuer. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and paid to the Issuer.

The obligation to pay arbitrage rebate to the United States and to comply with all other requirements of this Section and the Tax Compliance Agreement shall survive the defeasance or payment in full of the Bonds until all rebatable arbitrage shall have been paid.

Section 4.09. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 4.10. Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Issuer to the owner thereof for the payment of such Bond, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust in a separate trust account, without liability for interest thereon, for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on such person's part under this Indenture or on or with respect to said Bond. If any Bond shall not be presented for payment within four years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the Issuer the funds theretofore held by it for payment of such Bond without liability for interest thereon, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 4.11. Records and Reports of Trustee. The Trustee agrees to maintain such records with respect to any and all moneys or investments held by the Trustee pursuant to the provisions of this Indenture as are requested by the Issuer. The Trustee shall furnish to the Issuer, monthly on the tenth Business Day after the end of each calendar month, a report on the status of each of the funds and accounts established under this Article which are held by the Trustee, showing the balance in each such fund or account as of the first day of the preceding month, the total of deposits to and the total of disbursements from each such fund or account, the dates of such deposits and disbursements, and the balance in each such fund or account on the last day of the preceding month. The Trustee shall render an annual accounting for each fiscal year ending April 30 to the Issuer and any bondowner at the expense of such bondowner requesting the same, showing in reasonable detail all financial transactions relating to the Trust Estate during the accounting period, including investment earnings and the balance in any funds or accounts created by this Indenture as of the beginning and close of such accounting period.

ARTICLE V

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 5.01. Moneys to be Held in Trust. All moneys deposited with or paid to the Trustee for the funds and accounts held under this Indenture, and all moneys deposited with or paid to any Paying Agent under any provision of this Indenture shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the provisions of this Indenture, and, until used or applied as herein provided, shall (except for moneys in the Rebate Fund) constitute part of the Trust Estate and be subject to the lien, terms and provisions hereof and shall not be commingled with any other funds of the Issuer except as provided under **Section 5.02** hereof for investment purposes. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except to the extent such moneys are invested in Permitted Investments.

Section 5.02. Investment of Moneys. Moneys held in each of the funds and accounts under this Indenture shall, pursuant to written directions of the Issuer Representative, be invested and reinvested by the Trustee in accordance with the provisions of this Indenture and the Tax Compliance Agreement in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. If the Issuer fails to provide written directions concerning investment of moneys held in the funds, the Trustee shall invest in such Permitted Investments specified in paragraph (k) of the definition of Permitted Investments, provided they mature or are subject to redemption prior to the date such funds will be needed. The Trustee may conclusively rely upon the written direction of the Issuer Representative as to the suitability and legality of any directed investment. The Trustee is specifically authorized to implement its automated cash investment system to invest cash and to charge its normal cash management fees, which may be deducted from earned income on investments. The Trustee may make any investments permitted by the provisions of this Section through its own bond department or short-term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes, except moneys held in any fund or account that are required to be yield restricted in accordance with the Tax Compliance Agreement, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments (other than any amounts required to be deposited in the Rebate Fund pursuant to **Section 4.08** hereof) shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account. After the Trustee has notice pursuant to **Section 8.03** of the existence of an Event of Default, the Trustee shall direct the investment of moneys in the Funds held under this Indenture. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments.

ARTICLE VI

GENERAL COVENANTS AND PROVISIONS

Section 6.01. Issuer to Issue Bonds and Execute Indenture. The Issuer covenants that it is duly authorized under the Constitution and laws of the State of Missouri to execute this Indenture, to issue the Bonds and to pledge and assign the Trust Estate in the manner and to the extent herein set forth; that all action on its part for the execution and delivery of this Indenture and the issuance of the Bonds has been duly and effectively taken; and that the Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Section 6.02. Limited Obligations. The Bonds and the interest thereon shall be special, limited obligations of the Issuer payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof) solely out of Appropriated Moneys and moneys in the Funds and Accounts held by the Trustee under the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in this Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the Issuer within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the Issuer, but shall be payable solely from the funds provided for in this Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the Issuer to levy any form of taxation therefor or to make any appropriation for their payment.

Section 6.03. Payment of Bonds. The Issuer shall duly and punctually pay, but solely from the sources specified in this Indenture, the principal of, redemption premium, if any, and interest on the Bonds in accordance with the terms of the Bonds and this Indenture.

Section 6.04. Performance of Covenants. The Issuer shall faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in the Bonds and in all proceedings pertaining thereto.

Section 6.05. Inspection of Books. The Issuer covenants and agrees that all books and documents in its possession relating to the Bonds and this Indenture, and the transactions relating thereto shall at all reasonable times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate. The Trustee covenants and agrees that all books and documents in its possession relating to the Bonds and this Indenture, and the transactions relating thereto, including financial statements of the Issuer, shall be open to inspection by the Issuer during business hours upon reasonable notice.

Section 6.06. Enforcement of Rights. The Issuer agrees that the Trustee, as assignee, transferee, pledgee, and owner of a security interest under this Indenture in its name or in the name of the Issuer may enforce all rights of the Issuer and the Trustee for and on behalf of the bondowners, whether or not the Issuer is in default hereunder.

Section 6.07. Tax Covenants. The Issuer shall at all times do and perform all acts and things permitted by law and this Indenture which are necessary or desirable in order to assure that interest paid on the Bonds (or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the Issuer agrees to comply with the provisions of the Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds.

Section 6.08. Annual Appropriations. The Issuer intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to this Indenture, moneys sufficient to pay all the principal of and interest on the Bonds coming due in the next succeeding Fiscal Year. The Issuer shall deliver written notice to the Trustee no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the principal of and interest on the Bonds to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the principal of and interest on the Bonds to become due during such Fiscal Year, the failure of the Issuer to deliver the foregoing notice on or before the fifteenth 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 Issuer'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 principal of and interest on the Bonds to become due during such succeeding Fiscal Year, the failure of the Issuer to deliver the foregoing notice on or before the fifteenth day after the commencement of its Fiscal Year shall constitute an Event of Nonappropriation.

Section 6.09. Annual Budget Request. The City Manager or other officer of the Issuer 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 Bonds are Outstanding, an appropriation for all payments of principal of and interest on the Bonds required for the ensuing Fiscal Year; it being the intention of the Issuer that the decision to appropriate or not to appropriate under this Indenture shall be made solely by the City Council and not by any other official of the Issuer. The Issuer intends, subject to the provisions above respecting the failure of the Issuer to budget or appropriate funds to make payments on the Bonds, to pay the debt service on the Bonds hereunder. The Issuer reasonably believes that legally available funds in an amount sufficient to make all payments of principal of and interest on the Bonds due during each Fiscal Year can be obtained. The Issuer further intends to do all things lawfully within its

power to obtain and maintain funds from which payments of principal of and interest on the Bonds may be made, including making provision for such debt service payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the Issuer. Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the Issuer's normal procedures for such decisions.

Section 6.10. Continuing Disclosure. The Issuer 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 Indenture, failure of the Issuer or the Trustee to comply with the Continuing Disclosure Undertaking shall not be considered an event of default under this Indenture; however, the Trustee may (and, at the request of any Participating Underwriter or the owners of at least 25% aggregate principal amount of Outstanding Bonds, having been indemnified in accordance with **Section 8.02(e)** shall) or any bondowner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations hereunder and under the Continuing Disclosure Undertaking. 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, and "Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Undertaking.

ARTICLE VII

DEFAULT AND REMEDIES

Section 7.01. Events of Default. The term "event of default," wherever used in this Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (a) default in the payment of any interest on any Bond when such interest becomes due and payable;
- (b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or
- (c) default in the performance, or breach, of any covenant or agreement of the Issuer in this Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in this Section), and continuance of such default or breach for a period of 60 days after there has been given to the Issuer by the Trustee or to the Issuer and the Trustee by the owners of at least 10% in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Issuer shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch.

Section 7.02. Acceleration of Maturity; Rescission and Annulment. If an event of default occurs and is continuing, the Trustee may, and if requested by the owners of not less than 25% in principal amount of the Bonds Outstanding shall, by written notice to the Issuer, declare the principal of all Bonds Outstanding and the interest accrued thereon to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in this Article, the Trustee or the owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if

- (a) the Issuer has deposited with the Trustee a sum sufficient to pay
- (b) all overdue installments of interest on all Bonds;
- (c) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in the Bonds;
- (d) interest upon overdue installments of interest at the rate prescribed therefor in the Bonds; and
- (e) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and
- (f) all events of default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in **Section 7.10** of this Indenture.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Section 7.03. Exercise of Remedies by the Trustee. Upon the occurrence and continuance of any event of default under this Indenture, unless the same is waived as provided in this Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under this Indenture or by law:

- (a) ***Right To Bring Suit, Etc.*** The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under this Indenture, to realize on or to foreclose any of its interests or liens under this Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the Issuer as set forth in this Indenture and to enforce or preserve any other rights or interests of the Trustee under this Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.
- (b) ***Exercise of Remedies at Direction of Bondowners.*** If requested in writing to do so by the owners of not less than 25% in principal amount of Bonds Outstanding and if indemnified as provided in **Section 8.02(e)** of this Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by this Article as the Trustee shall deem most expedient in the interests of the bondowners.
- (c) ***Appointment of Receiver.*** Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondowners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) ***Suits To Protect the Trust Estate.*** The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Indenture and to protect its interests and the interests of the bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under this Indenture or be prejudicial to the interests of the bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the bondowners in any judicial proceeding to which the Issuer is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the bondowners.

(e) ***Enforcement Without Possession of Bonds.*** All rights of action under this Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of **Section 7.07** hereof, be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.

(f) ***Restoration of Positions.*** If the Trustee or any bondowner has instituted any proceeding to enforce any right or remedy under this Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such bondowner, then and in every case the Issuer and the bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under this Indenture, and thereafter all rights and remedies of the Trustee and the bondowners shall continue as though no such proceeding had been instituted.

Section 7.04. Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Issuer or any other obligor upon the Bonds or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, as therein expressed or by declaration or otherwise, and irrespective of whether the Trustee shall have made any demand on the Issuer for the payment of overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Outstanding Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the bondowners allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each bondowner to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the bondowners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under **Section 8.04**.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any bondowner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any owner thereof, or to authorize the Trustee to vote in respect of the claim of any bondowner in any such proceeding.

Section 7.05. Limitation on Suits by Bondowners. No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy under this Indenture, unless

- (a) such owner has previously given written notice to the Trustee of a continuing event of default;
- (b) the owners of not less than 25% in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under this Indenture;
- (c) such owner or owners have offered to the Trustee indemnity as provided in **Sections 8.02(e), 8.02(k) and 8.04** of this Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;
- (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the lien of this Indenture or the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other owners or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Outstanding Bonds.

Notwithstanding the foregoing or any other provision in this Indenture, however, the owner of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the redemption date) and nothing contained in this Indenture shall affect or impair the right of any owner to institute suit for the enforcement of any such payment.

Section 7.06. Control of Proceedings by Bondowners. The owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an event of default, provided indemnity has been provided to the Trustee in accordance with **Sections 8.02(e), 8.02(k) and 8.04**:

- (a) to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of this Indenture, or otherwise; and
- (b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture; provided that
- (d) such direction shall not be in conflict with any rule of law or this Indenture;

(e) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

(f) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction.

Section 7.07. Application of Moneys Collected. Any moneys collected by the Trustee pursuant to this Article (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) **FIRST:** To the payment of all undeducted amounts due the Trustee under **Section 8.04** of this Indenture;

(b) **SECOND:** To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due;

(c) **THIRD:** to the payment of the remainder, if any, to the Issuer or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, in accordance with **Section 2.04** hereof, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 7.08. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee or to the bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 7.09. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any owner of any Bond to exercise any right or remedy accruing upon an event of default shall impair any such right or remedy or constitute a waiver of any such event of default or an acquiescence therein. Every right

and remedy given by this Article or by law to the Trustee or to the bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the bondowners, as the case may be.

Section 7.10. Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in this Article, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Trustee and the Issuer, on behalf of the owners of all the Bonds waive any past default hereunder and its consequences, except a default

- (a) in the payment of the principal of (or premium, if any) or interest on any Bond; or
- (b) in respect of a covenant or provision hereof which under **Article IX** cannot be modified or amended without the consent of the owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any event of default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Acceptance of Trusts; Certain Duties and Responsibilities. The Trustee accepts and agrees to execute the trusts imposed upon it by this Indenture, but only upon the following terms and conditions:

- (a) Except during the continuance of an event of default,
 - (i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and
 - (ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of material calculations or other facts stated therein).

If an event of default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of its own affairs.

(b) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

- (i) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by an authorized officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the owners of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or conveying insights and duties or affording protection to the Trustee, whether in its capacity as Trustee, Paying Agent, bond registrar or any other capacity, shall be subject to the provisions of this **Article VIII**.

Section 8.02. Certain Rights of Trustee. Except as otherwise provided in **Section 8.01** of this Indenture:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Trustee shall be entitled to rely upon an Officer's Certificate as to the sufficiency of any request or direction of the Issuer mentioned herein, the existence or nonexistence of any fact or the sufficiency or validity of any instrument, paper or proceeding, or that an ordinance or resolution in the form therein set forth has been adopted by the governing body of the Issuer has been duly adopted, and is in full force and effect.

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate. Prior to the occurrence of default of which the Trustee has been notified as provided in **Section 8.03** or of which by such Section the Trustee is deemed to have notice, the Trustee may also accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient and may at its discretion secure such further evidence deemed necessary or advisable but shall in no case be bound to secure the same.

(d) The Trustee may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

(e) Notwithstanding anything in this Indenture to the contrary, the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture whether at the request or direction of any of the bondowners pursuant to this Indenture or otherwise, unless such bondowners or other party shall have offered to the Trustee reasonable security or indemnity

against the fees, advances, costs, expenses and liabilities (except as may result from the Trustee's own negligence or willful misconduct), including, without limitation, such fees, advances, costs, expenses and liabilities associated with environmental contamination and the clean up thereof, which might be incurred by it in connection with such rights or powers.

(f) The Trustee may conclusively rely and shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney.

(g) The Trustee assumes no responsibility for the correctness of the recitals contained in this Indenture and in the Bonds, except the certificate of authentication on the Bonds or for the recording or re-recording, filing or re-filing of this Indenture or any financing statement (other than continuation statements) in connection therewith, or for the validity of the execution by the Issuer of this Indenture or any Supplemental Indenture or instruments of further assurance. The Trustee makes no representations to the value or condition of the Trust Estate or any part thereof, or as to the title thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application by the Issuer of any of the Bonds or the proceeds thereof or of any money paid to or upon the order of the Issuer under any provision of this Indenture.

(h) The Trustee, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not Trustee.

(i) All money received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law or by this Indenture. The Trustee shall be under no liability for interest on any money received by it hereunder except as to investments authorized and directed pursuant to **Section 5.02** of this Indenture.

(j) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder. The Trustee may in all cases pay such reasonable compensation to all such receivers, agents and attorneys as may reasonably be employed in connection with the trust created herein.

(k) Notwithstanding anything elsewhere in this Indenture contained, before taking any action under this Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all reasonable costs and expenses to which it may be put and to protect it against all liability which it may incur in or by reason of such action.

(l) The Trustee may elect not to proceed in accordance with the directions of the Bondowners without incurring any liability to the bondowners, in its individual capacity for which the Trustee has not received indemnity pursuant to **Section 8.02 and Section 8.04** hereof from the bondowners, and the Trustee may rely upon an Opinion of Counsel addressed to the Issuer and the Trustee in determining whether any action directed by the bondowners may result in such liability.

(m) The Trustee may inform the bondowners of environmental hazards that the Trustee has reason to believe exist, and the Trustee has the right to take no further action and, in such event

no fiduciary duty exists, which imposes any obligation for further action with respect to the Trust Estate or any portion thereof if the Trustee, in its individual capacity, determines that any such action would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not received indemnity pursuant to **Section 8.02 and Section 8.04** hereof.

(n) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or its willful misconduct.

(o) The Trustee shall not be required to give any bond or security in respect of the execution of the said trusts and powers or otherwise in respect to the premises.

(p) As to instances where the Trustee is requested to take an action which is not specified in the Indenture, or the conditions are different than specified in the Indenture, or in comparable instances, the Trustee shall have the right, but shall not be required, to demand with respect to any such action, such as the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showing, certificates, opinions appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purposes of establishing the right to the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

Section 8.03. Notice of Defaults. The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the Issuer to cause to be made any of the payments to the Trustee required to be made by **Article IV** of this Indenture, unless the Trustee shall be specifically notified in writing of such default by the Issuer or the owners of at least 10% in principal amount of all Bonds Outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within 30 days after the Trustee has received notice of any event of default or the occurrence of any event of default hereunder of which the Trustee is deemed to have notice the Trustee shall give written notice of such event of default by mail to all owners of Bonds as shown on the bond register maintained by the Trustee, unless such event of default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bond, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the bondowners. For the purpose of this Section, the term “default” means any event which is, or after notice or lapse of time or both would become, an event of default as defined in **Section 7.01**.

Section 8.04. Compensation and Reimbursement. The Trustee shall be entitled to payment or reimbursement from the Issuer

(a) from time to time for reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(b) except as otherwise expressly provided herein, upon its request, for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee’s negligence or bad faith;

(c) in the event that it should become necessary for the Trustee to perform extraordinary services that are outside the scope of ordinary trustee services, the Trustee shall be

entitled to reasonable additional compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by negligence or willful misconduct of the Trustee, it shall not be entitled to compensation or reimbursement therefor; and

(d) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the fees, costs and expenses of its agents and counsel in defending itself against any action, suit, demand, judgment, claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

The Trustee shall promptly notify the Issuer in writing of any claim or action brought against the Trustee in respect of which indemnity may be sought against the Issuer, setting forth the particulars of such claim or action, and the Issuer will assume the defense thereof, including the employment of counsel satisfactory to the Trustee and the payment of all expenses. The Trustee may employ separate counsel in any such action and participate in the defense thereof, and the reasonable fees and expenses of such counsel shall not be payable by the Issuer unless such employment has been specifically authorized by the Issuer, the rules governing conflicts of interest require the employ of separate counsel, or the Issuer fails, in the judgment of the Trustee, to employ competent counsel, and such counsel fails to actively defend such action and protect the interests of the Trustee or bondowners.

As security for the payment of such compensation, expenses, reimbursements and indemnity under this Section, the Trustee shall be secured under this Indenture by a first lien prior to the Bonds, and shall have the right to use and apply any trust moneys held by it under **Article IV** hereof.

Section 8.05. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be a bank or trust company organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, having a corporate trust office located in the State of Missouri and having a combined capital and surplus of at least \$100,000,000, or consideration may be given by the Issuer to a bank not meeting this amount if the bank submits an acceptable form of guarantee for its financial obligations to the Issuer. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect specified in this Article.

Section 8.06. Resignation and Removal of Trustee.

(a) The Trustee may resign at any time by giving written notice thereof to the Issuer and each owner of Bonds Outstanding as shown by the list of bondowners required by this Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) If the Trustee has or shall acquire any conflicting interest (as determined by the Trustee), it shall, within 90 days after ascertaining that it has a conflicting interest, or within 30 days after receiving written notice from the Issuer (so long as the Issuer is not in default under this Indenture) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in subsection (a).

(c) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Issuer and the Trustee signed by the owners of a majority in principal amount of the Outstanding Bonds, or, so long as the Issuer is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default hereunder, by the Issuer. The Issuer or any bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

(d) If at any time:

(i) the Trustee shall fail to comply with subsection (b) after written request therefor by the Issuer or by any Bondowner;

(ii) the Trustee shall cease to be eligible under **Section 8.05** and shall fail to resign after written request therefor by the Issuer or by any such Bondowner; or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (A) the Issuer may remove the Trustee, or (B) any bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) The Trustee shall give notice at the expense of the Issuer of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the registered owners of Bonds as their names and addresses appear in the bond register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

(f) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under **Section 8.08**.

Section 8.07. Appointment of Successor Trustee. If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Issuer (so long as no event of default hereunder has occurred and is continuing), or the owners of a majority in principal amount of Bonds Outstanding (if an event of default hereunder has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the Issuer and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the Issuer or the bondowners. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner herein provided, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner herein provided, any bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of this Section shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of this Article.

Section 8.08. Acceptance of Appointment by Successor. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and to the retiring Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee and the duties and obligations of the retiring Trustee shall cease and terminate; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, fees, costs and expenses, including its agents and counsel, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in **Section 8.04**. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 8.09. Merger, Consolidation and Succession to Business. Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation or association shall be otherwise qualified and eligible under this Article, and shall be vested with all of the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Section 8.10. Co-Trustees and Separate Trustees. At any time or times, for the purpose of meeting the legal requirements of any jurisdiction in which any of the Trust Estate may at the time be located, or in the enforcement of any default or the exercise any of the powers, rights or remedies herein granted to the Trustee, or any other action which may be desirable or necessary in connection therewith, the Trustee shall have power to appoint, and, upon the written request of the Trustee or of the owners of at least 25% in principal amount of the Bonds Outstanding, the Issuer shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Trustee either to act as co-trustee, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such person or persons in the capacity aforesaid, any property, title, protection, immunity, right or power deemed necessary or desirable, subject to the other provisions of this Section. If the Issuer does not join in such appointment within 15 days after the receipt by it of a request so to do, or in case an event of default has occurred and is continuing, the Trustee alone shall have power to make such appointment.

Should any written instrument from the Issuer be required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the Issuer.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) The Bonds shall be authenticated and delivered, and all rights, powers, duties and obligations hereunder in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustee hereunder, shall be exercised solely, by the Trustee.

(b) The rights, powers, duties and obligations hereby conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Trustee or by the Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee.

(c) The Trustee at any time, by an instrument in writing executed by it, with the concurrence of the Issuer, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, in case an event of default has occurred and is continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Issuer. Upon the written request of the Trustee, the Issuer shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.

(d) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of the Trustee, or any other such trustee hereunder.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other act of bondowners delivered to the Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

Section 8.11. Designation of Paying Agents. The Trustee is hereby designated and agrees to act as principal Paying Agent for and in respect to the Bonds. The Issuer may, in its discretion, cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternate Paying Agents, if any, and for the making available of funds hereunder for the payment of the principal of, premium, if any, and interest on the Bonds of any series, or at the principal corporate trust office of said alternate Paying Agents. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be trustee of any funds provided hereunder and Paying Agent for principal of, premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee and Paying Agent unless a separate Paying Agent or Agents are appointed by the Issuer in connection with the appointment of any successor Trustee.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01. Supplemental Indentures Without Consent of Bondowners. Without the consent of the owners of any Bonds, except as provided in **Section 2.03** as to the issuance of certain Additional Bonds, the Issuer and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

(a) to correct or amplify the description of any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien of this Indenture additional property;

(b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, as herein set forth, additional conditions, limitations and restrictions thereafter to be observed;

(c) to authorize the issuance of any series of Additional Bonds and, make such other provisions as provided in **Section 2.03**;

(d) to evidence the appointment of a separate trustee or the succession of a new trustee under this Indenture;

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

(f) to cure any ambiguity, to correct or supplement any provision in this Indenture which may be inconsistent with any other provision herein or to make any other change, with respect to matters or questions arising under this Indenture, which shall not be inconsistent with the provisions of this Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds (in making such determination the Trustee may rely conclusively upon an Opinion of Counsel); or

(g) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

Section 9.02. Supplemental Indentures with Consent of Bondowners. With the consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the Issuer and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the owners of the Bonds under this Indenture; provided, however, that no such Supplemental Indenture 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, any Bond, 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, any Bond, 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);

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

(c) modify the obligation of the Issuer to make payment on or provide funds for the payment of any Bond;

(d) modify or alter the provisions of the proviso to the definition of the term "Outstanding";

(e) modify any of the provisions of this Section or **Section 7.10**, except to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or

(f) permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any of the Trust Estate or terminate the lien of this Indenture on any property at any time subject hereto or deprive the owner of any Bond of the security afforded by the lien of this Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture 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. In making such determination, the Trustee shall be entitled to receive and may rely conclusively upon an Opinion of Counsel.

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 Indenture, but it shall be sufficient if such act shall approve the substance thereof.

A copy of any Supplemental Indenture shall be sent to any Rating Agency then rating the Bonds.

Section 9.03 Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and, subject to **Article VIII**, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Indenture is authorized and permitted by and in compliance with the terms of this Indenture and that the execution and delivery thereof will not adversely affect the exclusion from federal gross income of interest on the Bonds. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 9.04. Effect of Supplemental Indentures. Upon the execution of any Supplemental Indenture under this Article, this Indenture shall be modified in accordance therewith and such Supplemental Indenture shall form a part of this Indenture for all purposes; and every owner of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 9.05. Reference in Bonds to Supplemental Indentures. Bonds authenticated and delivered after the execution of any Supplemental Indenture 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 Indenture. If the Issuer shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Issuer, to any such Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

ARTICLE X

SATISFACTION AND DISCHARGE

Section 10.01. Payment, Discharge and Defeasance of Bonds. Bonds will be deemed to be paid and discharged and no longer Outstanding under this Indenture and will cease to be entitled to any lien, benefit or security of this Indenture if the Issuer shall pay or provide for the payment of such Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;

(b) by delivering such Bonds to the Trustee for cancellation; or

(c) by depositing in trust with the Trustee or other Paying Agent moneys and Defeasance Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of this Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or redemption dates only with cash or Defeasance Obligations pursuant to subsection (c) above, subject to receipt by the Trustee of (i) a verification report prepared by independent certified public accountants, or other verification agent, and (ii) an Opinion of Co-Bond Counsel addressed and delivered to the Trustee, the Issuer to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds then Outstanding and any and all other amounts required to be paid under the provisions of this Indenture has been provided for in the manner set forth in this Indenture and to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of this Indenture.

The foregoing notwithstanding, the liability of the Issuer in respect of such Bonds shall continue, but the owners thereof shall thereafter be entitled to payment only out of the moneys and Defeasance Obligations deposited with the Trustee as aforesaid.

Moneys and Defeasance Obligations so deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys and Defeasance Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent, as the Trustee may determine) to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such moneys and Defeasance Obligations have been deposited with the Trustee.

Section 10.02. Satisfaction and Discharge of Indenture. This Indenture and the lien, rights and interests created by this Indenture shall cease, terminate and become null and void (except as to any surviving rights pursuant to **Section 10.03** hereof) if the following conditions are met:

(a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of **Section 10.01**;

(b) all other sums payable under this Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment;

(c) the Trustee receives an Opinion of Co-Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of this Indenture; and

(d) the Trustee receives an Opinion of Counsel to the effect that all conditions precedent in this Section to the satisfaction and discharge of this Indenture have been complied with.

Thereupon, the Trustee shall execute and deliver to the Issuer a termination statement and such instruments of satisfaction and discharge of this Indenture as may be necessary at the written request of the

Issuer, and shall pay, assign, transfer and deliver to the Issuer, or other Persons entitled thereto, all moneys, securities and other property then held by it under this Indenture as a part of the Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee as herein provided for the payment of the principal of, premium, if any, and interest on the Bonds.

Section 10.03. Rights Retained After Discharge. Notwithstanding the satisfaction and discharge of this Indenture, the rights of the Trustee under **Section 8.04** shall survive, and the Trustee shall retain such rights, powers and duties under this Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided herein. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any Bond remaining unclaimed for four years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided herein, shall then be paid to the Issuer without liability for interest thereon, and the owners of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the Issuer for payment thereof and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease.

ARTICLE XI

NOTICES, CONSENTS AND OTHER ACTS

Section 11.01. Notices. Except as otherwise provided herein, it shall be sufficient service of any notice, request, demand, authorization, direction, consent, waiver or other paper required or permitted by this Indenture to be made, given or furnished to or filed with the following Persons upon receipt by such Person, if the same shall be delivered in person or duly mailed by registered or certified mail, postage prepaid, return receipt requested, at the following addresses:

To the Issuer at:	City of Kansas City, Missouri City Hall, Third Floor 414 East 12 th Street Kansas City, MO 64106 Attention: Finance Director
To the Trustee at:	UMB Bank, N.A., 1010 Grand Blvd. Kansas City, MO 64106 Attention: Corporate Trust Services
To the Original Purchaser:	J.P. Morgan Securities LLC 10 South Dearborn 16 th Floor Chicago, IL 60603 Attention: Matthew Couch

A copy of the form of any notice from the Trustee to the Bondowners shall be given by the Trustee to the Issuer.

If, because of the temporary or permanent suspension of mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such delivery of notice in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient notice.

Notice to bondowners shall be given by first class mail at the address of the bondowners as shown on the bond register maintained by the Trustee, and neither the failure to receive such notice, nor any defect

in any notice so mailed, shall affect the sufficiency of such notice. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by bondowners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.02. Acts of Bondowners. Any notice, request, demand, authorization, direction, consent, waiver or other action provided by this Indenture to be given or taken by bondowners may be embodied in and evidenced by one or more substantially concurrent instruments of similar tenor signed by such bondowners in person or by an agent duly appointed in writing. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or of the ownership of Bonds other than the assignment of the ownership of a Bond, shall be sufficient for any purpose of this Indenture and conclusive in favor of the Issuer and the Trustee, if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof, or by the affidavit of a witness of such execution. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of such person's authority.

(b) The fact and date of execution of any such instrument or writing and the authority of any Person executing the same may also be proved in any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this Section.

(c) The ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same, shall be proved by the bond register maintained by the Trustee.

In determining whether the owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds registered on the bond register in the name of the Issuer shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Issuer has identified in writing to the Trustee as being owned by the Issuer or an affiliate thereof shall be so disregarded.

Any notice, request, demand, authorization, direction, consent, waiver or other action by the owner of any Bond shall bind every future owner of the same Bond and the owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Bond.

Section 11.03. Form and Contents of Documents Delivered to Trustee. Whenever several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which such person's certificate or opinion is based are erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Whenever any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Wherever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report.

Section 11.04. Compliance Certificates and Opinions. Upon any application or request by the Issuer to the Trustee to take any action under any provision of this Indenture, the Issuer shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of counsel rendering such opinion all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

- (a) a statement that each individual signing such certificate or opinion has read such condition or covenant and the definitions herein relating thereto;
- (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (c) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; and
- (d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 12.01. Further Assurances. The Issuer shall do, execute, acknowledge and deliver such Supplemental Indentures and such further acts, instruments, financing statements and assurances as the Trustee may reasonably require for accomplishing the purposes of this Indenture.

Section 12.02. Benefit of Indenture. This Indenture shall inure to the benefit of and shall be binding upon the Issuer and the Trustee and their respective successors and assigns, subject, however, to the limitations contained herein. With the exception of rights expressly conferred in this Indenture, nothing in this Indenture or in the Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors and assigns hereunder, any separate trustee or co-trustee appointed under **Section 8.10** and the owners of Outstanding Bonds, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 12.03. No Pecuniary Liability. All covenants, obligations and agreements of the Issuer herein shall be effective to the extent authorized and permitted by law. No such covenant, obligation or agreement herein shall be deemed to be a covenant, obligation or agreement of any present or future councilmember, commissioner, director, officer, agent or employee of the Issuer other than in their official capacity.

Section 12.04. Severability. If any provision in this Indenture or in the Bonds 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.

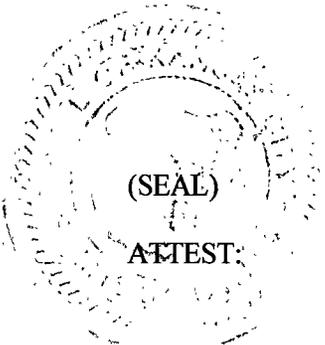
Section 12.05. Execution in Counterparts. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed 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 12.06. Electronic Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed 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 12.07. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State of Missouri.

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Trust Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, by their duly authorized officers, all as of the day and year first above written.

CITY OF KANSAS CITY, MISSOURI



By: *[Handwritten Signature]*
Director of Finance

By: *[Handwritten Signature]*
City Clerk

THIS INDENTURE OF TRUST is executed as of the date first above written.

UMB Bank, N.A.,
as Trustee

By: 
Lara Stevens
Vice President

ATTEST:

By: 
ELIZABETH E. ANGOTTI
Assistant Secretary

EXHIBIT A

(FORM OF BONDS)

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF MISSOURI

Registered
No. R- _____

Registered

CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION REFUNDING BOND
(MIDTOWN REDEVELOPMENT PROJECT)
SERIES 2017D

Interest Rate	Maturity Date	Dated Date	CUSIP
____%	April 1, 20__	_____, 2017	

Registered Owner: _____ ** CEDE & CO. **

Principal Amount: _____ DOLLARS

THE CITY OF KANSAS CITY, MISSOURI, a constitutional charter city and political subdivision of the State of Missouri (the "Issuer"), for value received, promises to pay, but solely from the sources herein specified to the registered owner named above, or registered assigns, the principal amount stated above on the maturity date stated above, except as the provisions herein set forth with respect to redemption prior to maturity may become applicable hereto, and in like manner to pay interest on said principal amount at the interest rate per annum stated above (computed on the basis of a 360-day year of twelve 30-day months) from the date of Bonds stated above or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually on each April 1 and October 1, beginning on October 1, 2017, until said principal amount is paid.

Method and Place of Payment. The principal of and interest on this Bond shall be payable in any coin or currency of the United States of American which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and redemption premium, if any, on this Bond shall be payable by check or draft to the registered owner at the maturity or redemption date upon presentation and surrender of this Bond at the principal corporate trust office of UMB Bank, N.A., in the City of Kansas City, Missouri (the "Trustee"). The interest payable on this Bond on any interest payment date shall be paid by the Trustee to the registered owner of this Bond appearing on the bond register maintained by the Trustee at the close of business on the Record Date for such interest, which shall be the fifteenth day (whether or not a business day) of the calendar month next preceeding the interest payment

date and shall be paid by (a) check or draft of the Trustee mailed to such registered owner at such owner's address as it appears on such bond register or at such other address furnished in writing by such registered owner to the Trustee, or (b) at the written request addressed to the Trustee by any registered owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to the bank for credit to the ABA routing number and account number filed with the Trustee no later than 15 days preceding the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Limited Obligations. The Bonds and the interest thereon are special, limited obligations of the Issuer payable solely out of Appropriated Moneys.

Authorization of Bonds. This Bond is one of a duly authorized series of bonds of the Issuer designated "Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D," in the aggregate principal amount of \$16,185,000 (the "Bonds"), issued pursuant to the Issuer of and in full compliance with the Constitution and statutes of the State of Missouri, and pursuant to proceedings duly had by the Issuer. The Bonds are issued under and are equally and ratably secured and entitled to the protection given by a Trust Indenture, dated as of March 1, 2017 (said Trust Indenture, as amended and supplemented from time to time in accordance with the provisions thereof, herein called the "Indenture"), between the Issuer and the Trustee, to provide funds for the purposes described in the Indenture. Reference is hereby made to the Indenture for a description of the Trust Estate pledged and assigned thereunder, and the provisions, among others, with respect to the nature and extent of the security for the Bonds, and the rights, duties and obligations of the Issuer, the Trustee and the registered owners of the Bonds, and a description of the terms upon which the Bonds are issued and secured, upon which provision for payment of the Bonds or portions thereof and defeasance of the lien of the Indenture with respect thereto may be made and upon which the Indenture may be deemed satisfied and discharged prior to payment of the Bonds.

No Redemption Prior to Maturity. The Bonds are not subject to redemption and payment prior to maturity.

Book-Entry System. The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature or with respect to each form of Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (a) payments of principal of, and redemption premium, if any, and interest on, this Bond, (b) notices and (c) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. This Bond may be transferred or exchanged, as provided in the Indenture, only upon the bond register maintained by the Trustee at the above-mentioned office of the Trustee by the registered owner hereof in person or by such owner's duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such owner's duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Issuer, the Trustee and any Paying Agent may deem and treat the person in whose name this Bond is registered on the bond register maintained by the Trustee as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Bonds are issuable in the form of fully registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof.

Limitation on Rights. The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. The Bonds or the Indenture may be modified, amended or supplemented only to the extent and in the circumstances permitted by the Indenture.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been executed by the Trustee.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, THE CITY OF KANSAS CITY, MISSOURI has caused this Bond to be executed in its name by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk and its seal to be affixed or imprinted hereon, all as of the Dated Date specified above.

CITY OF KANSAS CITY, MISSOURI

By: _____
Mayor

[SEAL]

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Indenture

Date of Authentication: _____

UMB Bank, N.A.,
Trustee

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Print or Type Name, Address and Social
Security Number or Taxpayer Identification Number of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ agent to transfer the within Bond on the books kept by the Trustee for the registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears on the face of the within Bond in every particular.

Signature Guaranteed By:

(Name of Eligible Guarantor Institution)

By: _____
Title: _____

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution as defined by SEC Rule 17AD-15 (17 CFW 240.17 Ad-15).

EXHIBIT B

**DISBURSEMENT REQUEST
(§ 4.03—COSTS OF ISSUANCE FUND)**

Request No.: 1
Date: _____, 20__

To: UMB Bank, N.A., Corporate Trust Department
Kansas City, Missouri,
as Trustee

Re: \$16,185,000 City of Kansas City, Missouri, Special Obligation Refunding Bonds
(Midtown Redevelopment Project), Series 2017D

You are hereby requested and directed as Trustee under the Trust Indenture dated as of March 1, 2017 (the "Indenture"), between the City of Kansas City, Missouri and you, as Trustee, to pay from moneys in the Costs of Issuance Fund, pursuant to **Section 4.03** of the Indenture, to the following payees the following amounts for the following Costs of Issuance (as defined in the Indenture):

Payee	Amount	Description of Costs of Issuance
See Attached Schedule		

The undersigned Issuer Representative hereby states and certifies that each item listed above is a proper Cost of Issuance (as defined in the Indenture) that was incurred in connection with the issuance of the above-referenced Bonds, and the amount of this request is justly due and owing and has not been the subject of another requisition which was paid.

CITY OF KANSAS CITY, MISSOURI

By: _____
Issuer Representative

EXHIBIT C

DISBURSEMENT REQUEST
(§ 4.06—REVENUE FUND)

Request No.: _____
Date: _____

To: UMB Bank, N.A.
Corporate Trust Department
Kansas City, Missouri,
as Trustee

Re: \$16,185,000 City of Kansas City, Missouri, Special Obligation Refunding Bonds
(Midtown Redevelopment Project), Series 2017D

You are hereby requested and directed as Trustee under the Trust Indenture dated as of March 1, 2017 (the "Indenture"), between the City of Kansas City, Missouri and you, as Trustee, to pay from moneys in the respective Account(s) of the Revenue Fund as follows, pursuant to **Section 4.06** of the Indenture, to the following payees:

Payee and Tax Identification Number	Amount	Account Source
-------------------------------------	--------	----------------

CITY OF KANSAS CITY, MISSOURI

By: _____
Issuer Representative

owner to the Trustee, or (b) at the written request addressed to the Trustee by any registered owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to the bank for credit to the ABA routing number and account number filed with the Trustee no later than 15 days preceding the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Limited Obligations. The Series 2017A Bonds (as defined below) and the interest thereon are special, limited obligations of the Issuer payable solely out of Appropriated Moneys and moneys in the Funds and Accounts held by the Trustee under the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the Issuer within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the Issuer, but shall be payable solely from the funds provided for in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the Issuer to levy any form of taxation therefor or to make any appropriation for their payment.

Authorization of Bonds. This Bond is one of a duly authorized series of bonds of the Issuer designated "Taxable Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017A," in the aggregate principal amount of \$31,610,000 (the "Series 2017A Bonds"), issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, and pursuant to proceedings duly had by the Issuer. The Series 2017A Bonds are issued, together with the Issuer's Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B in the aggregate principal amount of \$19,185,000 (the "Series 2017B Bonds") (The Series 2017A Bonds and the Series 2017B Bonds are referred to herein collectively as the "Series 2017 Bonds" or the "Bonds"), under and are equally and ratably secured and entitled to the protection given by a Trust Indenture, dated as of March 1, 2017 (said Trust Indenture, as amended and supplemented from time to time in accordance with the provisions thereof, herein called the "Indenture"), between the Issuer and the Trustee, to provide funds for the purposes described in the Indenture. Reference is hereby made to the Indenture for a description of the Trust Estate pledged and assigned thereunder, and the provisions, among others, with respect to the nature and extent of the security for the Bonds, and the rights, duties and obligations of the Issuer, the Trustee and the registered owners of the Bonds, and a description of the terms upon which the Bonds are issued and secured, upon which provision for payment of the Bonds or portions thereof and defeasance of the lien of the Indenture with respect thereto may be made and upon which the Indenture may be deemed satisfied and discharged prior to payment of the Bonds.

Redemption Prior to Maturity. The Series 2017A Bonds are subject to redemption prior to maturity as follows:

(a) **Optional Redemption.** The Series 2017A Bonds maturing on October 1, 2028, and thereafter are subject to redemption and payment prior to maturity at the option of the Issuer on and after October 1, 2027, as a whole or in part at any time from maturities selected by the Issuer, at the redemption price equal to the principal amount thereof, plus accrued interest to the Redemption Date.

(b) **Mandatory Sinking Fund Redemption. Series 2017A Bonds.** The Series 2017A Bonds maturing October 1, 2039, are subject to mandatory redemption on each October 1 beginning October 1, 2033, and shall be redeemed on the dates set forth below at 100% of the principal amount of the Series 2017A Bonds called for redemption plus interest accrued and unpaid to the date fixed for redemption, without premium:

Series 2017A Term Bond Maturing October 1, 2039*

<u>Redemption Date</u>	<u>Principal Amount</u>
October 1, 2033	\$895,000
October 1, 2034	935,000
October 1, 2035	980,000
October 1, 2036	1,025,000
October 1, 2037	1,075,000
October 1, 2038	1,125,000
October 1, 2039	1,180,000

* Final maturity.

Notice of Redemption. Notice of redemption, unless waived, is to be given by the Trustee by mailing an official redemption notice by registered, certified or first-class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the bond register maintained by the Trustee. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds 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 Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Book-Entry System. The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature or with respect to each form of Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (a) payments of principal of, and redemption premium, if any, and interest on, this Bond, (b) notices and (c) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. This Bond may be transferred or exchanged, as provided in the Indenture, only upon the bond register maintained by the Trustee at the above-mentioned office of the Trustee by the registered owner hereof in person or by such

owner's duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such owner's duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Issuer, the Trustee and any Paying Agent may deem and treat the person in whose name this Bond is registered on the bond register maintained by the Trustee as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Bonds are issuable in the form of fully registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof.

Limitation on Rights. The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. The Bonds or the Indenture may be modified, amended or supplemented only to the extent and in the circumstances permitted by the Indenture.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been executed by the Trustee.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, THE CITY OF KANSAS CITY, MISSOURI has caused this Bond to be executed in its name by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk and its seal to be affixed or imprinted hereon, all as of the Dated Date specified above.

CITY OF KANSAS CITY, MISSOURI

By: _____
Name: Sylvester "Sly" James, Jr.
Title: Mayor

[SEAL]

ATTEST:

By: _____
City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Indenture.

Date of Authentication: _____

UMB BANK, N.A.
Trustee

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Print or Type Name, Address and Social
Security Number or Taxpayer Identification Number of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints
_____ agent to transfer the within Bond on the books kept by the Trustee for
the registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears on the face of the within Bond in every particular.

Signature Guaranteed By:

(Name of Eligible Guarantor Institution)

By: _____

Title: _____

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution as defined by SEC Rule 17AD-15 (17 CFW 240.17 Ad-15).

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**UNITED STATES OF AMERICA
STATE OF MISSOURI**

Registered
No. R-9

Registered
\$550,000

**CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BOND
(KANSAS CITY, MISSOURI PROJECTS)
SERIES 2017B**

Interest Rate	Maturity Date	Dated Date	CUSIP
4.000%	October 1, 2025	March 23, 2017	485106RE0

Registered Owner: ** CEDE & CO. **

Principal Amount: FIVE HUNDRED FIFTY THOUSAND DOLLARS

THE CITY OF KANSAS CITY, MISSOURI, a constitutional charter city and political subdivision of the State of Missouri (the "Issuer"), for value received, promises to pay, but solely from the sources herein specified to the registered owner named above, or registered assigns, the principal amount stated above on the maturity date stated above, except as the provisions herein set forth with respect to redemption prior to maturity may become applicable hereto, and in like manner to pay interest on said principal amount at the interest rate per annum stated above (computed on the basis of a 360-day year of twelve 30-day months) from the date of the Bonds stated above or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually on each April 1 and October 1, beginning on October 1, 2017, until said principal amount is paid.

Method and Place of Payment. The principal of and interest on this Bond shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and redemption premium, if any, on this Bond shall be payable by check or draft to the registered owner at the maturity or redemption date upon presentation and surrender of this Bond at the principal corporate trust office of UMB Bank, N.A. in the City of Kansas City, Missouri (the "Trustee"). The interest payable on this Bond on any interest payment date shall be paid by the Trustee to the registered owner of this Bond appearing on the bond register maintained by the Trustee at the close of business on the Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date and shall be paid by (a) check or draft of the Trustee mailed to such registered owner at such owner's address as it appears on such bond register or at such other address furnished in writing by such registered

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation (“DTC”), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**UNITED STATES OF AMERICA
STATE OF MISSOURI**

Registered
No. R-11

Registered
\$600,000

**CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BOND
(KANSAS CITY, MISSOURI PROJECTS)
SERIES 2017B**

Interest Rate	Maturity Date	Dated Date	CUSIP
5.000%	October 1, 2027	March 23, 2017	485106RG5

Registered Owner: ** CEDE & CO. **

Principal Amount: SIX HUNDRED THOUSAND DOLLARS

THE CITY OF KANSAS CITY, MISSOURI, a constitutional charter city and political subdivision of the State of Missouri (the “Issuer”), for value received, promises to pay, but solely from the sources herein specified to the registered owner named above, or registered assigns, the principal amount stated above on the maturity date stated above, except as the provisions herein set forth with respect to redemption prior to maturity may become applicable hereto, and in like manner to pay interest on said principal amount at the interest rate per annum stated above (computed on the basis of a 360-day year of twelve 30-day months) from the date of the Bonds stated above or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually on each April 1 and October 1, beginning on October 1, 2017, until said principal amount is paid.

Method and Place of Payment. The principal of and interest on this Bond shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and redemption premium, if any, on this Bond shall be payable by check or draft to the registered owner at the maturity or redemption date upon presentation and surrender of this Bond at the principal corporate trust office of UMB Bank, N.A. in the City of Kansas City, Missouri (the “Trustee”). The interest payable on this Bond on any interest payment date shall be paid by the Trustee to the registered owner of this Bond appearing on the bond register maintained by the Trustee at the close of business on the Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date and shall be paid by (a) check or draft of the Trustee mailed to such registered owner at such owner’s address as it appears on such bond register or at such other address furnished in writing by such registered

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**UNITED STATES OF AMERICA
STATE OF MISSOURI**

Registered
No. R-12

Registered
\$630,000

**CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BOND
(KANSAS CITY, MISSOURI PROJECTS)
SERIES 2017B**

Interest Rate	Maturity Date	Dated Date	CUSIP
4.000%	October 1, 2028	March 23, 2017	485106RH3

Registered Owner: ** CEDE & CO. **

Principal Amount: SIX HUNDRED THIRTY THOUSAND DOLLARS

THE CITY OF KANSAS CITY, MISSOURI, a constitutional charter city and political subdivision of the State of Missouri (the "Issuer"), for value received, promises to pay, but solely from the sources herein specified to the registered owner named above, or registered assigns, the principal amount stated above on the maturity date stated above, except as the provisions herein set forth with respect to redemption prior to maturity may become applicable hereto, and in like manner to pay interest on said principal amount at the interest rate per annum stated above (computed on the basis of a 360-day year of twelve 30-day months) from the date of the Bonds stated above or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually on each April 1 and October 1, beginning on October 1, 2017, until said principal amount is paid.

Method and Place of Payment. The principal of and interest on this Bond shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and redemption premium, if any, on this Bond shall be payable by check or draft to the registered owner at the maturity or redemption date upon presentation and surrender of this Bond at the principal corporate trust office of UMB Bank, N.A. in the City of Kansas City, Missouri (the "Trustee"). The interest payable on this Bond on any interest payment date shall be paid by the Trustee to the registered owner of this Bond appearing on the bond register maintained by the Trustee at the close of business on the Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date and shall be paid by (a) check or draft of the Trustee mailed to such registered owner at such owner's address as it appears on such bond register or at such other address furnished in writing by such registered

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF MISSOURI

Registered
No. R-13

Registered
\$655,000

CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BOND
(KANSAS CITY, MISSOURI PROJECTS)
SERIES 2017B

Interest Rate	Maturity Date	Dated Date	CUSIP
4.000%	October 1, 2029	March 23, 2017	485106RJ9

Registered Owner: ** CEDE & CO. **

Principal Amount: SIX HUNDRED FIFTY-FIVE THOUSAND DOLLARS

THE CITY OF KANSAS CITY, MISSOURI, a constitutional charter city and political subdivision of the State of Missouri (the "Issuer"), for value received, promises to pay, but solely from the sources herein specified to the registered owner named above, or registered assigns, the principal amount stated above on the maturity date stated above, except as the provisions herein set forth with respect to redemption prior to maturity may become applicable hereto, and in like manner to pay interest on said principal amount at the interest rate per annum stated above (computed on the basis of a 360-day year of twelve 30-day months) from the date of the Bonds stated above or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually on each April 1 and October 1, beginning on October 1, 2017, until said principal amount is paid.

Method and Place of Payment. The principal of and interest on this Bond shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and redemption premium, if any, on this Bond shall be payable by check or draft to the registered owner at the maturity or redemption date upon presentation and surrender of this Bond at the principal corporate trust office of UMB Bank, N.A. in the City of Kansas City, Missouri (the "Trustee"). The interest payable on this Bond on any interest payment date shall be paid by the Trustee to the registered owner of this Bond appearing on the bond register maintained by the Trustee at the close of business on the Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date and shall be paid by (a) check or draft of the Trustee mailed to such registered owner at such owner's address as it appears on such bond register or at such other address furnished in writing by such registered

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF MISSOURI

Registered
No. R-17

Registered
\$370,000

CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BOND
(KANSAS CITY, MISSOURI PROJECTS)
SERIES 2017B

Interest Rate	Maturity Date	Dated Date	CUSIP
3.750%	October 1, 2033	March 23, 2017	485106RN0

Registered Owner: ** CEDE & CO. **

Principal Amount: THREE HUNDRED SEVENTY THOUSAND DOLLARS

THE CITY OF KANSAS CITY, MISSOURI, a constitutional charter city and political subdivision of the State of Missouri (the "Issuer"), for value received, promises to pay, but solely from the sources herein specified to the registered owner named above, or registered assigns, the principal amount stated above on the maturity date stated above, except as the provisions herein set forth with respect to redemption prior to maturity may become applicable hereto, and in like manner to pay interest on said principal amount at the interest rate per annum stated above (computed on the basis of a 360-day year of twelve 30-day months) from the date of the Bonds stated above or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually on each April 1 and October 1, beginning on October 1, 2017, until said principal amount is paid.

Method and Place of Payment. The principal of and interest on this Bond shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and redemption premium, if any, on this Bond shall be payable by check or draft to the registered owner at the maturity or redemption date upon presentation and surrender of this Bond at the principal corporate trust office of UMB Bank, N.A. in the City of Kansas City, Missouri (the "Trustee"). The interest payable on this Bond on any interest payment date shall be paid by the Trustee to the registered owner of this Bond appearing on the bond register maintained by the Trustee at the close of business on the Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date and shall be paid by (a) check or draft of the Trustee mailed to such registered owner at such owner's address as it appears on such bond register or at such other address furnished in writing by such registered

owner to the Trustee, or (b) at the written request addressed to the Trustee by any registered owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to the bank for credit to the ABA routing number and account number filed with the Trustee no later than 15 days preceding the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Limited Obligations. The Series 2017B Bonds (as defined below) and the interest thereon are special, limited obligations of the Issuer payable solely out of Appropriated Moneys and moneys in the Funds and Accounts held by the Trustee under the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the Issuer within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the issuer, but shall be payable solely from the funds provided for in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the Issuer to levy any form of taxation therefor or to make any appropriation for their payment.

Authorization of Bonds. This Bond is one of a duly authorized series of bonds of the Issuer designated "Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B," in the aggregate principal amount of \$19,185,000 (the "Series 2017B Bonds"), issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, and pursuant to proceedings duly had by the Issuer. The Series 2017B Bonds are issued, together with the Issuer's Taxable Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017A in the aggregate principal amount of \$31,610,000 (the "Series 2017A Bonds") (The Series 2017A Bonds and the Series 2017B Bonds are referred to herein collectively as the "Series 2017 Bonds" or the "Bonds"), under and are equally and ratably secured and entitled to the protection given by a Trust Indenture, dated as of March 1, 2017 (said Trust Indenture, as amended and supplemented from time to time in accordance with the provisions thereof, herein called the "Indenture"), between the Issuer and the Trustee, to provide funds for the purposes described in the Indenture. Reference is hereby made to the Indenture for a description of the Trust Estate pledged and assigned thereunder, and the provisions, among others, with respect to the nature and extent of the security for the Bonds, and the rights, duties and obligations of the Issuer, the Trustee and the registered owners of the Bonds, and a description of the terms upon which the Bonds are issued and secured, upon which provision for payment of the Bonds or portions thereof and defeasance of the lien of the Indenture with respect thereto may be made and upon which the Indenture may be deemed satisfied and discharged prior to payment of the Bonds.

Redemption Prior to Maturity. The Series 2017B Bonds are subject to redemption prior to maturity as follows:

(a) **Optional Redemption.** The Series 2017B Bonds maturing on October 1, 2028, and thereafter are subject to redemption and payment prior to maturity at the option of the Issuer on and after October 1, 2027, as a whole or in part at any time from maturities selected by the Issuer, at the redemption price equal to the principal amount thereof, plus accrued interest to the Redemption Date.

(b) **Mandatory Sinking Fund Redemption. Series 2017B Bonds.** The Series 2017B Bonds maturing October 1, 2036, are subject to mandatory redemption on each October 1 beginning October 1, 2035, and shall be redeemed on the dates set forth below at 100% of the principal amount of the Series 2017B Bonds called for redemption plus interest accrued and unpaid to the date fixed for redemption, without premium:

Series 2017B Term Bond Maturing October 1, 2036*

<u>Redemption Date</u>	<u>Principal Amount</u>
October 1, 2035	\$400,000
October 1, 2036	415,000

* Final maturity.

Notice of Redemption. Notice of redemption, unless waived, is to be given by the Trustee by mailing an official redemption notice by registered, certified or first-class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the bond register maintained by the Trustee. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds 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 Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Book-Entry System. The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature or with respect to each form of Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (a) payments of principal of, and redemption premium, if any, and interest on, this Bond, (b) notices and (c) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. This Bond may be transferred or exchanged, as provided in the Indenture, only upon the bond register maintained by the Trustee at the above-mentioned office of the Trustee by the registered owner hereof in person or by such owner's duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such owner's duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Issuer, the Trustee and any Paying Agent may deem and treat the person in whose name this Bond is registered on the bond register maintained by the Trustee as the absolute owner

hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Bonds are issuable in the form of fully registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof.

Limitation on Rights. The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. The Bonds or the Indenture may be modified, amended or supplemented only to the extent and in the circumstances permitted by the Indenture.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been executed by the Trustee.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

SPECIMEN

IN WITNESS WHEREOF, THE CITY OF KANSAS CITY, MISSOURI has caused this Bond to be executed in its name by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk and its seal to be affixed or imprinted hereon, all as of the Dated Date specified above.

CITY OF KANSAS CITY, MISSOURI

By: _____
Name: Sylvester "Sly" James, Jr.
Title: Mayor

[SEAL]

ATTEST:

By: _____
City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Indenture.

Date of Authentication: _____

UMB BANK, N.A.
Trustee

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Print or Type Name, Address and Social
Security Number or Taxpayer Identification Number of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints
_____ agent to transfer the within Bond on the books kept by the Trustee for
the registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears on the face of the within Bond in every particular.

Signature Guaranteed By:

(Name of Eligible Guarantor Institution)

By: _____
Title: _____

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution as defined by SEC Rule 17AD-15 (17 CFW 240.17 Ad-15).

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to the City or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**UNITED STATES OF AMERICA
STATE OF MISSOURI**

Registered
No. R-3

Registered
\$7,275,000

**CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION REFUNDING BOND
(KANSAS CITY DOWNTOWN REDEVELOPMENT DISTRICT)
SERIES 2017C**

Interest Rate	Maturity Date	Dated Date	CUSIP
5.000%	September 1, 2024	March 23, 2017	485106RT7

Registered Owner: _____ **** CEDE & CO. ****

Principal Amount: SEVEN MILLION TWO HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

THE CITY OF KANSAS CITY, MISSOURI, a constitutional charter city and political subdivision of the State of Missouri (the "City"), for value received, promises to pay, but solely from the sources herein specified to the registered owner named above, or registered assigns, the principal amount stated above on the maturity date stated above, except as the provisions herein set forth with respect to redemption prior to maturity may become applicable hereto, and in like manner to pay interest on said principal amount at the interest rate per annum stated above (computed on the basis of a 360-day year of twelve 30-day months) from the date of the Bonds stated above or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually on each March 1 and September 1, beginning on September 1, 2017, until said principal amount is paid.

Method and Place of Payment. The principal of and interest on this Bond shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and redemption premium, if any, on this Bond shall be payable by check or draft to the registered owner at the maturity or redemption date upon presentation and surrender of this Bond at the principal corporate trust office of UMB Bank, N.A. in the City of Kansas City, Missouri (the "Trustee"). The interest payable on this Bond on any interest payment date shall be paid by the Trustee to the registered owner of this Bond appearing on the bond register maintained by the Trustee at the close of business on the Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date and shall be paid by (a) check or draft of the Trustee mailed to such registered owner at such owner's address as it appears on such bond register or at such other address furnished in writing by such registered owner to the Trustee, or (b) at the written request addressed to the Trustee by any registered owner of Bonds

in the aggregate principal amount of at least \$1,000,000, by electronic transfer to the bank for credit to the ABA routing number and account number filed with the Trustee no later than 15 days preceding the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Limited Obligations. The Series 2017C Bonds (as defined below) and the interest thereon are special, limited obligations of the City payable solely out of Appropriated Moneys and moneys in the Funds and Accounts held by the Trustee under the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the City within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the City, but shall be payable solely from the funds provided for in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City to levy any form of taxation therefor or to make any appropriation for their payment.

Authorization of Bonds. This Bond is one of a duly authorized series of bonds of the City designated "Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District)," Series 2017C, issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, and pursuant to proceedings duly had by the City. The Series 2017C Bonds are issued, in the aggregate principal amount of \$89,410,000 (the "Series 2017C Bonds"), under and are equally and ratably secured and entitled to the protection given by a Trust Indenture, dated as of March 1, 2017 (said Trust Indenture, as amended and supplemented from time to time in accordance with the provisions thereof, herein called the "Indenture"), between the City and the Trustee, to provide funds for the purposes described in the Indenture. Reference is hereby made to the Indenture for a description of the Trust Estate pledged and assigned thereunder, and the provisions, among others, with respect to the nature and extent of the security for the Series 2017C Bonds, and the rights, duties and obligations of the City, the Trustee and the registered owners of the Bonds, and a description of the terms upon which the Series 2017C Bonds are issued and secured, upon which provision for payment of the Series 2017C Bonds or portions thereof and defeasance of the lien of the Indenture with respect thereto may be made and upon which the Indenture may be deemed satisfied and discharged prior to payment of the Series 2017C Bonds.

Redemption Prior to Maturity. The Series 2017C Bonds are subject to redemption prior to maturity as follows:

Optional Redemption. The Series 2017C Bonds maturing on September 1, 2028, and thereafter are subject to redemption and payment prior to maturity at the option of the City on and after September 1, 2027, as a whole or in part at any time from maturities selected by the City, at the redemption price equal to the principal amount thereof, plus accrued interest to the Redemption Date.

Notice of Redemption. Notice of redemption, unless waived, is to be given by the Trustee by mailing an official redemption notice by registered, certified or first-class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Series 2017C Bond or the Series 2017C Bonds to be redeemed at the address shown on the bond register maintained by the Trustee. Notice of redemption having been given as aforesaid, the Series 2017C Bonds or portions of Series 2017C Bonds 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 City shall default in the payment of the redemption price) such Series 2017C Bonds or portions of Series 2017C Bonds shall cease to bear interest.

Book-Entry System. The Series 2017C Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Series 2017C Bonds are stated to mature or with respect to each form of Series 2017C Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Series 2017C Bonds by the Securities Depository's participants, beneficial ownership of the Series 2017C Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The City and the Trustee will recognize the Securities Depository nominee, while the registered owner of this Series 2017C Bond, as the owner of this Series 2017C Bond for all purposes, including (a) payments of principal of, and redemption premium, if any, and interest on, this Series 2017C Bond, (b) notices and (c) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Series 2017C Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The City and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Series 2017C Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Series 2017C Bond shall be made in accordance with existing arrangements among the City, the Trustee and the Securities Depository.

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. This Bond may be transferred or exchanged, as provided in the Indenture, only upon the bond register maintained by the Trustee at the above-mentioned office of the Trustee by the registered owner hereof in person or by such owner's duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such owner's duly authorized attorney, and thereupon a new Series 2017C Bond or Series 2017C Bonds of the same maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The City, the Trustee and any Paying Agent may deem and treat the person in whose name this Series 2017C Bond is registered on the bond register maintained by the Trustee as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Bonds are issuable in the form of fully registered Series 2017C Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof.

Limitation on Rights. The registered owner of this Series 2017C Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Series 2017C Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. The Series 2017C Bonds or the Indenture may be modified, amended or supplemented only to the extent and in the circumstances permitted by the Indenture.

Authentication. This Series 2017C Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been executed by the Trustee.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Series 2017C Bond do exist, have happened and have been performed in due time, form and manner as required by law.

RECORDED

IN WITNESS WHEREOF, THE CITY OF KANSAS CITY, MISSOURI has caused this Series 2017C Bond to be executed in its name by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk and its seal to be affixed or imprinted hereon, all as of the Dated Date specified above.

CITY OF KANSAS CITY, MISSOURI

By: _____
Name: Sylvester "Sly" James, Jr.
Title: Mayor

[SEAL]

ATTEST:

By: _____
City Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION

This Series 2017C Bond is one of the Series 2017C Bonds described in the within mentioned Indenture.

Date of Authentication: _____

UMB BANK, N.A.
Trustee

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Print or Type Name, Address and Social
Security Number or Taxpayer Identification Number of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ agent to transfer the within Bond on the books kept by the Trustee for the registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears on the face of the within Bond in every particular.

Signature Guaranteed By:

(Name of Eligible Guarantor Institution)

By: _____

Title: _____

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution as defined by SEC Rule 17AD-15 (17 CFW 240.17 Ad-15).

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF MISSOURI

Registered
No. R-1

Registered
\$3,155,000

CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION REFUNDING BOND
(MIDTOWN REDEVELOPMENT PROJECT)
SERIES 2017D

Interest Rate	Maturity Date	Dated Date	CUSIP
5.000%	April 1, 2018	March 23, 2017	485106SE9

Registered Owner: ** CEDE & CO. **

Principal Amount: THREE MILLION ONE HUNDRED FIFTY-FIVE THOUSAND DOLLARS

THE CITY OF KANSAS CITY, MISSOURI, a constitutional charter city and political subdivision of the State of Missouri (the "Issuer"), for value received, promises to pay, but solely from the sources herein specified to the registered owner named above, or registered assigns, the principal amount stated above on the maturity date stated above, except as the provisions herein set forth with respect to redemption prior to maturity may become applicable hereto, and in like manner to pay interest on said principal amount at the interest rate per annum stated above (computed on the basis of a 360-day year of twelve 30-day months) from the date of Bonds stated above or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually on each April 1 and October 1, beginning on October 1, 2017, until said principal amount is paid.

Method and Place of Payment. The principal of and interest on this Bond shall be payable in any coin or currency of the United States of American which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and redemption premium, if any, on this Bond shall be payable by check or draft to the registered owner at the maturity or redemption date upon presentation and surrender of this Bond at the principal corporate trust office of UMB Bank, N.A., in the City of Kansas City, Missouri (the "Trustee"). The interest payable on this Bond on any interest payment date shall be paid by the Trustee to the registered owner of this Bond appearing on the bond register maintained by the Trustee at the close of business on the Record Date for such interest, which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding the interest payment date and shall be paid by (a) check or draft of the Trustee mailed to such registered owner at such owner's address as it appears on such bond register or at such other address furnished in writing by such registered owner to the Trustee, or (b) at the written request addressed to the Trustee by any registered owner of Bonds

in the aggregate principal amount of at least \$1,000,000, by electronic transfer to the bank for credit to the ABA routing number and account number filed with the Trustee no later than 15 days preceding the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Limited Obligations. The Bonds and the interest thereon are special, limited obligations of the Issuer payable solely out of Appropriated Moneys.

Authorization of Bonds. This Bond is one of a duly authorized series of bonds of the Issuer designated "Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D," in the aggregate principal amount of \$16,185,000 (the "Bonds"), issued pursuant to the Issuer of and in full compliance with the Constitution and statutes of the State of Missouri, and pursuant to proceedings duly had by the Issuer. The Bonds are issued under and are equally and ratably secured and entitled to the protection given by a Trust Indenture, dated as of March 1, 2017 (said Trust indenture, as amended and supplemented from time to time in accordance with the provisions thereof, herein called the "Indenture"), between the Issuer and the Trustee, to provide funds for the purposes described in the Indenture. Reference is hereby made to the Indenture for a description of the Trust Estate pledged and assigned thereunder, and the provisions, among others, with respect to the nature and extent of the security for the Bonds, and the rights, duties and obligations of the Issuer, the Trustee and the registered owners of the Bonds, and a description of the terms upon which the Bonds are issued and secured, upon which provision for payment of the Bonds or portions thereof and defeasance of the lien of the Indenture with respect thereto may be made and upon which the Indenture may be deemed satisfied and discharged prior to payment of the Bonds.

No Redemption Prior to Maturity. The Bonds are not subject to redemption and payment prior to maturity.

Book-Entry System. The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature or with respect to each form of Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Trustee will recognize the Securities Depository nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (a) payments of principal of, and redemption premium, if any, and interest on, this Bond, (b) notices and (c) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements among the Issuer, the Trustee and the Securities Depository.

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER

NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. This Bond may be transferred or exchanged, as provided in the Indenture, only upon the bond register maintained by the Trustee at the above-mentioned office of the Trustee by the registered owner hereof in person or by such owner's duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such owner's duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Issuer, the Trustee and any Paying Agent may deem and treat the person in whose name this Bond is registered on the bond register maintained by the Trustee as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Bonds are issuable in the form of fully registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof.

Limitation on Rights. The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. The Bonds or the Indenture may be modified, amended or supplemented only to the extent and in the circumstances permitted by the Indenture.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been executed by the Trustee.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, THE CITY OF KANSAS CITY, MISSOURI has caused this Bond to be executed in its name by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk and its seal to be affixed or imprinted hereon, all as of the Dated Date specified above.

CITY OF KANSAS CITY, MISSOURI

By: _____
Mayor

[SEAL]

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Indenture

Date of Authentication: _____

UMB Bank, N.A.,
Trustee

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Print or Type Name, Address and Social
Security Number or Taxpayer Identification Number of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ agent to transfer the within Bond on the books kept by the Trustee for the registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears on the face of the within Bond in every particular.

Signature Guaranteed By: _____

(Name of Eligible Guarantor Institution)

By: _____

Title: _____

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution as defined by SEC Rule 17AD-15 (17 CFW 240.17 Ad-15).

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 2, 2017

NEW ISSUE
BOOK-ENTRY-ONLY

Ratings: Moody's Investors Service Inc.: A1
Standard & Poor's Ratings Services: AA-
See "BOND RATINGS" herein

In the opinion of Kutak Rock LLP, Kansas City, Missouri and the Hardwick Law Firm, LLC, Kansas City, Missouri, Co-Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming continuing compliance with certain covenants, interest on the Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds (including any original issue discount) is excludable from gross income for federal and Missouri income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Also, in the opinion of Co-Bond Counsel, the interest on the Series 2017A Bonds is included in gross income for federal and Missouri income tax purposes. See "TAX MATTERS" herein and the form of Opinion of Co-Bond Counsel attached hereto as Appendix D.



\$157,950,000*
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS

consisting of:

\$31,925,000*	\$19,420,000*
Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A	Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B
\$90,030,000*	\$16,575,000*
Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C	Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D

Dated: Date of Delivery

Maturities, Principal Amounts, Interest Rates, Prices, Yields and CUSIP Numbers
are shown on the Inside Cover Pages

The Taxable Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017A (the "Series 2017A Bonds"), the Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B (the "Series 2017B Bonds"), the Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), Series 2017C (the "Series 2017C Bonds") and the Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D (the "Series 2017D Bonds") and together with the Series 2017A Bonds, the Series 2017B Bonds and the Series 2017C Bonds, the "Series 2017 Bonds") are being issued by the City of Kansas City, Missouri (the "City" or the "Issuer") for the purposes of (i) providing funds to finance, refinance and refund certain project costs; and (ii) paying certain costs related to the issuance of the Bonds.

The Series 2017A Bonds and the Series 2017B Bonds will be issued under a Trust Indenture dated as of March 1, 2017, between the City and UMB Bank, N.A., as Trustee (the "Trustee"). The Series 2017C Bonds will be issued under a Trust Indenture dated as of March 1, 2017, between the City and the Trustee. The Series 2017D Bonds will be issued under a Trust Indenture dated as of March 1, 2017, between the City and the Trustee.

THE BONDS OF EACH SERIES AND THE INTEREST THEREON SHALL BE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE OUT OF CERTAIN FUNDS APPROPRIATED BY THE CITY, CERTAIN DESA REVENUES AS DEFINED HEREIN (ONLY WITH RESPECT TO THE SERIES 2017C BONDS) AND CERTAIN INCREMENTAL TAX REVENUES AS DEFINED HEREIN (ONLY WITH RESPECT TO THE SERIES 2017D BONDS) AND MONEYS IN THE FUNDS AND ACCOUNTS HELD BY THE TRUSTEE UNDER THE INDENTURE FOR SUCH SERIES AND ARE SECURED BY A TRANSFER, PLEDGE AND ASSIGNMENT OF AND A GRANT OF A SECURITY INTEREST IN THE TRUST ESTATE TO THE TRUSTEE AND IN FAVOR OF THE OWNERS OF THE BONDS, AS PROVIDED IN THE INDENTURE FOR SUCH SERIES OF BONDS. THE BONDS AND INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATION OR PROVISION, AND SHALL NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE INDENTURE FOR SUCH BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. NO BREACH BY THE CITY OF ANY SUCH PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT MAY IMPOSE ANY LIABILITY, PECUNIARY OR OTHERWISE, UPON THE STATE OF MISSOURI OR ANY CHARGE UPON ITS GENERAL CREDIT OR ITS TAXING POWER.

The Series 2017 Bonds will be issued as fully registered bonds without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for the Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2017 Bonds. Purchases of the Series 2017 Bonds will be made in book-entry only form, in denominations of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interests in Series 2017 Bonds purchased. So long as Cede & Co., as nominee of DTC, is the Bondowner, references herein to the Bondowners or Registered Owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined in this Official Statement) of the Series 2017 Bonds. See "Book-Entry System" in Appendix F.

Principal of the Series 2017 Bonds will be paid on the dates and in the years in which the Series 2017 Bonds mature as set forth on the inside cover pages hereof. Interest on the Series 2017A Bonds, Series 2017B Bonds and Series 2017D Bonds will accrue from the date of issuance and be payable semi-annually on each April 1 and October 1, commencing October 1, 2017. Interest on the Series 2017C Bonds will accrue from the date of issuance and be payable semi-annually on each March 1 and September 1, commencing September 1, 2017.

The Series 2017 Bonds are subject to redemption prior to maturity as more fully described under the caption "THE SERIES 2017 BONDS – Redemption" in this Official Statement.

The Series 2017 Bonds are offered when, as and if issued by the City, subject to the approval of legality by Kutak Rock LLP, Kansas City, Missouri, and Hardwick Law Firm, LLC, Kansas City, Missouri, Co-Bond Counsel. Certain legal matters will be passed upon for the City by the Office of the City Attorney, and for the Underwriters listed on this cover page (the "Underwriters") by Bryan Cave LLP, Kansas City, Missouri. Certain disclosure matters will be passed upon for the City by its co-disclosure counsel, Kutak Rock LLP, Kansas City, Missouri and Hardwick Law Firm, LLC, Kansas City, Missouri. It is expected that the Series 2017 Bonds will be available for delivery at DTC on or about March __, 2017.

J.P. MORGAN

George K. Baum and Company Fifth Third Securities Inc. Valdés & Moreno, Inc. Loop Capital Markets

This Official Statement is dated _____, 2017

* Preliminary, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion or 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 shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

\$157,950,000*
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS
 consisting of

\$31,925,000* Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A	\$19,420,000* Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B
\$90,030,000* Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C	\$16,575,000* Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES,
 YIELDS AND CUSIP NUMBERS**

Base CUSIP Number 485106

\$31,925,000* TAXABLE SPECIAL OBLIGATION BONDS
(KANSAS CITY, MISSOURI PROJECTS), SERIES 2017A

SERIAL BONDS

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>	<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>
2017	\$ 370,000					2029	\$1,320,000				
2018	900,000					2030	1,380,000				
2019	920,000					2031	1,445,000				
2020	945,000					2032	8,335,000				
2021	970,000					2033	910,000				
2022	1,005,000					2034	955,000				
2023	1,040,000					2035	1,005,000				
2024	1,075,000					2036	1,060,000				
2025	1,120,000					2037	1,115,000				
2026	1,165,000					2038	1,170,000				
2027	1,215,000					2039	1,235,000				
2028	1,270,000										

TERM BONDS

\$ _____ % Term Bonds Due October 1, _____ Yield: _____ % Price: _____ % CUSIP¹: 485106 _____

\$19,420,000* SPECIAL OBLIGATION BONDS
(KANSAS CITY, MISSOURI PROJECTS), SERIES 2017B

SERIAL BONDS

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>	<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>
2017	\$2,130,000					2027	\$ 605,000				
2018	2,265,000					2028	635,000				
2019	2,380,000					2029	670,000				
2020	1,965,000					2030	700,000				
2021	1,575,000					2031	740,000				
2022	1,650,000					2032	360,000				
2023	495,000					2033	375,000				
2024	520,000					2034	395,000				
2025	550,000					2035	410,000				
2026	575,000					2036	425,000				

TERM BONDS

\$ _____ % Term Bonds Due October 1, _____ Yield: _____ % Price: _____ % CUSIP¹: 485106 _____

* Preliminary, subject to change

¹ CUSIP Numbers have been assigned to this issue by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are included solely for the convenience of the Bondowners. Neither the City nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

\$90,030,000* SPECIAL OBLIGATION REFUNDING BONDS
(KANSAS CITY DOWNTOWN REDEVELOPMENT DISTRICT), SERIES 2017C

SERIAL BONDS

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>	<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>
2022	\$6,125,000					2028	\$10,050,000				
2023	6,675,000					2029	10,855,000				
2024	7,275,000					2030	11,700,000				
2025	7,900,000					2031	5,715,000				
2026	8,575,000					2032	5,870,000				
2027	9,290,000										

TERM BONDS

\$ _____ % Term Bonds Due September 1, _____ Yield: _____% Price: _____% CUSIP¹: 485106__

\$16,575,000* SPECIAL OBLIGATION REFUNDING BONDS
(MIDTOWN REDEVELOPMENT PROJECT), SERIES 2017D

SERIAL BONDS

<u>Maturity Date</u> <u>(April 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>	<u>Maturity Date</u> <u>(April 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>
2018	\$3,230,000					2021	\$3,020,000				
2019	3,455,000					2022	3,175,000				
2020	3,695,000										

* Preliminary, subject to change

¹ CUSIP Numbers have been assigned to this issue by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are included solely for the convenience of the Bondowners. Neither the City nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

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REGARDING USE OF THE OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City or by any person to give any information or to make any representations with respect to the Series 2017 Bonds offered hereby, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any offer, solicitation or sale of the Series 2017 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the City and other sources which are believed to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2017 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 2017 BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS ANY INDENTURE AUTHORIZING THE ISSUANCE OF THE SERIES 2017 BONDS BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE SERIES 2017 BONDS ARE BEING OFFERED 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. THE SERIES 2017 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Any CUSIP numbers for the Series 2017 Bonds included in the final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Series 2017 Bonds have been assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Series 2017 Bonds or as set forth on the final Official Statement. No assurance can be given that the CUSIP numbers for the Series 2017 Bonds will remain the same after the date of issuance and delivery of the Series 2017 Bonds.

Information in this Official Statement can be relied upon only if downloaded in its entirety or if obtained in original, bound format in its entirety. A copy of this Official Statement can be downloaded in its entirety from the website of ImageMaster, LLC. A bound copy of this Official Statement is available upon request by contacting ImageMaster, LLC at telephone number 1-734-821-2510; relevant charges will apply.

FORWARD-LOOKING STATEMENTS

This Official Statement contains "forward-looking statements." These forward-looking statements include statements about the City's 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. The City undertakes no obligation to update any forward-looking statements contained in this Official Statement to reflect future events or developments.

CITY OF KANSAS CITY, MISSOURI
City Hall
414 East 12th Street
Kansas City, Missouri 64106

ELECTED OFFICIALS

MAYOR
Sylvester “Sly” James, Jr.

CITY COUNCIL MEMBERS

Council Members-at-Large		District Council Members	
District 1	Scott Wagner	District 1	Heather Hall
District 2	Teresa Loar	District 2	Dan Fowler
District 3	Quinton Lucas	District 3	Jermaine Reed
District 4	Katheryn Shields	District 4	Jolie Justus
District 5	Lee Barnes, Jr.	District 5	Alissia Canady
District 6	Scott Taylor	District 6	Kevin McManus

CITY ADMINISTRATIVE OFFICIALS

CITY MANAGER
Troy Schulte

DIRECTOR OF FINANCE
Randall J. Landes

CITY ATTORNEY
Cecilia Abbott, Esq.

CITY CLERK
Marilyn Sanders

CO-FINANCIAL ADVISORS

FirstSouthwest,
A Division of Hilltop Securities, Inc.
Dallas, Texas

Moody Reid
Kansas City, Missouri

CO-BOND COUNSEL

Kutak Rock LLP
Kansas City, Missouri

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OFFICIAL STATEMENT

\$157,950,000*
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS
consisting of

\$31,925,000* Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A	\$19,420,000* Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B
\$90,030,000* Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C	\$16,575,000* Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D

INTRODUCTION

The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and the Appendices, must be considered in its entirety. The offering of the Series 2017 Bonds to potential investors is made only by means of the entire Official Statement.

For definitions of certain capitalized terms used herein and not otherwise defined, see Appendix B to this Official Statement.

Purpose of the Official Statement

The purpose of this Official Statement is to furnish information relating to (i) the City of Kansas City, Missouri (the “City”), (ii) the City’s Taxable Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017A (the “Series 2017A Bonds”), Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B (the “Series 2017B Bonds”), Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), Series 2017C (the “Series 2017C Bonds”) and Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D (the “Series 2017D Bonds” and together with the Series 2017A Bonds, Series 2017B Bonds and the Series 2017C Bonds, the “Series 2017 Bonds”), (iii) the Taxable City Projects (defined below), (iv) the Tax-Exempt City Projects (defined below), (v) the Kansas City Downtown Redevelopment District (defined below) and (vi) the Midtown Redevelopment Project (defined below).

The City

The City is a constitutional charter city established under the laws of the State of Missouri. The City incorporated on June 3, 1850. See the caption “**THE CITY**” in this Official Statement and Appendix C to this Official Statement for additional information relating to the City.

* Preliminary, subject to change

The Series 2017 Bonds are not general obligations of the City and are payable solely from the funds described in this Official Statement. The information regarding the City contained in Appendix C should not be construed as an indication that the Series 2017 Bonds are payable from any source other than the sources described in this Official Statement. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS” in this Official Statement.

The Series 2017A Bonds

The City will issue the Series 2017A Bonds (as well as the Series 2017B Bonds) pursuant to a Trust Indenture dated as of March 1, 2017 (the “Series 2017A and B Indenture”), between the City and UMB Bank, N.A., as Trustee (the “Trustee”). The City will issue its Series 2017A Bonds for the purpose of providing funds (a) to acquire, construct, reconstruct and/or improve certain projects within the City (the “Taxable City Projects”), (b) to fund a debt service reserve fund for the Kansas City Municipal Assistance Corporation Tax-Exempt Leasehold Improvement Revenue Bonds (H. Roe Bartle Convention Center and Infrastructure Project) Series 2004B-1 (the “Series 2004B-1 Bonds”), (c) to pay capitalized interest on a portion of the Series 2017A Bonds and (d) to pay certain costs related to the issuance of the Series 2017A Bonds. See the caption “**PLAN OF FINANCE – The Series 2017A Bonds**” in this Official Statement.

A description of the Series 2017A Bonds is contained in this Official Statement under the caption “**THE SERIES 2017 BONDS.**” All references to the Series 2017A Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Series 2017A and B Indenture.

The Series 2017A Bonds are subject to redemption prior to maturity as described under the caption “**THE SERIES 2017 BONDS – Redemption**” in this Official Statement.

The Series 2017A Bonds are payable only from moneys which have been annually appropriated by the City to pay the principal of and interest due on such series of Bonds (the “Appropriated Moneys”), and from such other sources as described in this Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.” For a complete description of the sources of payment of the Series 2017A Bonds, see Appendix B of this Official Statement “DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS” and the Series 2017A and B Indenture.

The Series 2017B Bonds

The City will issue the Series 2017B Bonds (as well as the Series 2017A Bonds) pursuant to the Series 2017A and B Indenture. The City will issue its Series 2017B Bonds for the purpose of providing funds (a) to acquire, construct, reconstruct and/or improve certain projects within the City and to refinance the herein-defined Crisis Center Project (the “Tax-Exempt City Projects”) through the refunding of that portion of the City’s Special Obligation Bond Anticipation Bonds (Streetcar System Expansion Project) Series 2014D (the “Series 2014D Bonds”) related to the Crisis Center Project (the “Refunded Series 2014D Bonds”) and (b) to pay certain costs related to the issuance of the Series 2017B Bonds. See the caption “**PLAN OF FINANCE – The Series 2017B Bonds**” in this Official Statement.

A description of the Series 2017B Bonds is contained in this Official Statement under the caption “**THE SERIES 2017 BONDS.**” All references to the Series 2017B Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Series 2017A and B Indenture.

The Series 2017B Bonds are subject to redemption prior to maturity as described under the caption “**THE SERIES 2017 BONDS – Redemption**” in this Official Statement.

The Series 2017B Bonds are payable only from Appropriated Moneys and from such other sources as described in this Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.” For a complete description of the sources of payment of the Series 2017B Bonds, see Appendix B of this Official Statement “DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS” and the Series 2017A and B Indenture.

The Series 2017C Bonds

The City will issue the Series 2017C Bonds pursuant to a Trust Indenture dated as of March 1, 2017 (the “Series 2017C Indenture”), between the City and the Trustee. The City will issue the Series 2017C Bonds for the purpose of providing funds (a) to advance refund all of the currently Outstanding Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A of The Industrial Development Authority of the City of Kansas City, Missouri (the “Refunded Series 2005A Bonds”) and (b) to pay certain costs related to the issuance of the Series 2017C Bonds. See the caption “**PLAN OF FINANCE – The Series 2017C Bonds**” in this Official Statement. The Refunded Series 2005A Bonds were issued to finance a portion of the costs of a retail/entertainment district (the “Kansas City Downtown Redevelopment District”), including but not limited to the financing of certain costs eligible under the Missouri Downtown and Rural Economic Stimulus Act, Sections 99.915 to 99.1060, Revised Statutes of Missouri, as amended (the “DESA Act”), within the Kansas City Downtown Redevelopment District, and certain DESA Revenues as described and defined below are available to pay such costs including the payment of debt service on bonds issued to finance or refinance such costs, including the Series 2017C Bonds.

A description of the Series 2017C Bonds is contained in this Official Statement under the caption “**THE SERIES 2017 BONDS.**” All references to the Series 2017C Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Series 2017C Indenture.

The Series 2017C Bonds are subject to redemption prior to maturity as described under the caption “**THE SERIES 2017 BONDS – Redemption**” in this Official Statement.

The Series 2017C Bonds are payable only from Appropriated Moneys, from certain State Sales Tax Increment or State Income Tax Increment (each as defined in the DESA Act) attributable to the Kansas City Downtown Redevelopment District Project when disbursed by the Missouri Department of Economic Development (“DESA Revenues”) and from such other sources as described in this Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.” For a complete description of the sources of payment of the Series 2017C Bonds, see Appendix B of this Official Statement “DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS” and the Series 2017C Indenture.

The Series 2017D Bonds

The City will issue the Series 2017D Bonds pursuant to a Trust Indenture dated as of March 1, 2017 (the “Series 2017D Indenture”), between the City and the Trustee. The City will issue its Series 2017D Bonds for the purpose of providing funds (a) to current refund \$17,425,000 principal amount of the currently Outstanding Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri - Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the “Series 2007A

Bonds”) of The Industrial Development Authority of the City of Kansas City, Missouri maturing on April 1 in the years 2018 through 2022 (the “Refunded Series 2007A Bonds”) and (b) to pay certain costs related to the issuance of the Series 2017D Bonds. See the caption “**PLAN OF FINANCE – The Series 2017D Bonds**” in this Official Statement. (The Series 2007A Bonds maturing on April 1, 2017, in the principal amount of \$3,620,000 are not being refunded. The City will deposit sufficient funds with UMB Bank, N.A., as trustee of the Series 2007A Bonds, to pay principal of and interest on the Series 2007A Bonds maturing April 1, 2017 in accordance with the provisions of the indenture under which the Series 2007A Bonds were issued.) The Series 2007A Bonds were issued to refund certain bonds issued, among other purposes, to finance and refinance certain eligible redevelopment costs within the herein-defined Midtown Redevelopment Area within the City, and certain Incremental Tax Revenues as described and defined below are available to pay such costs including the payment of debt service on bonds issued to finance or refinance such costs, including the Series 2017D Bonds.

A description of the Series 2017D Bonds is contained in this Official Statement under the caption “**THE SERIES 2017 BONDS.**” All references to the Series 2017D Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Series 2017D Indenture.

The Series 2017D Bonds are subject to redemption prior to maturity as described under the caption “**THE SERIES 2017 BONDS – Redemption**” in this Official Statement.

The Series 2017D Bonds are payable only (i) from Appropriated Moneys, which includes moneys appropriated by the City which are deposited in the City Revenues Account of the Revenue Fund for transfer to the Debt Service Fund, all as established under the Series 2017D Indenture for the payment of principal and interest on the Series 2017D Bonds (“City Revenues”), (ii) from certain Payments in Lieu of Taxes from the Midtown Redevelopment Area and, when appropriated by the City or the State of Missouri as applicable, Economic Activity Taxes, Super TIF Revenues and State TIF Revenues collected in the Midtown Redevelopment Area (“Incremental Tax Revenues”), and (iii) from such other sources as described in this Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.” For a complete description of the sources of payment of the Series 2017D Bonds and definitions of the terms set forth in this paragraph, see Appendix B of this Official Statement “DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS” and the Series 2017D Indenture.

Security and Sources of Payment for the Series 2017 Bonds

The Indentures and Trust Estates. The Series 2017 Bonds and the interest thereon are special obligations of the City, payable solely from funds which have been annually appropriated by the City or pledged by the City to pay principal and interest due on the Series 2017 Bonds and held by the trustee for each series of Series 2017 Bonds as provided in the indenture for such series, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the trust estate for such series to the respective trustee and in favor of the Owners of such series, as provided in the indenture for such series.

The Trust Estate for the Series 2017A Bonds and the Series 2017B Bonds established in the Series 2017A and B Indenture, as described in the Series 2017A and B Indenture, consists of: (a) all Appropriated Moneys; (b) all moneys and securities for such series (except moneys and securities held in the Rebate Fund for the Series 2017B Bonds) from time to time held by the Trustee for such series under the terms of the Series 2017A and B Indenture; and (c) any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security for such series under the Series 2017A and B Indenture by the City or by anyone in its behalf or with its written consent, to the Trustee, which is

authorized by the Series 2017A and B Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms thereof. For a complete description of the sources of payment of the Series 2017A Bonds and the Series 2017B Bonds and definitions of the terms set forth in this paragraph, see **Appendix B** of this Official Statement “**DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS**” and the Series 2017A and B Indenture.

The Trust Estate for the Series 2017C Bonds established in the Series 2017C Indenture, as described in the Series 2017C Indenture, consists of: (a) all Appropriated Moneys; (b) all other moneys and securities from time to time held by the trustee under the terms of the Series 2017C Indenture (excluding amounts held in the rebate fund), and (c) any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind pledged, assigned or transferred as and for additional security under the Series 2017C Indenture by the City, or by anyone in its behalf or with its written consent, to the Trustee. DESA Revenues are included in the Trust Estate for the Series 2017C Bonds pursuant to the Trust Estate description set forth in clauses (b) and (c) of the preceding sentence. For a complete description of the sources of payment of the Series 2017C Bonds and definitions of the terms set forth in this paragraph, see **Appendix B** of this Official Statement “**DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS**” and the Series 2017C Indenture. See also “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Transfer of Funds by the City for the Downtown Redevelopment District Project Bonds.**”

The Trust Estate for the Series 2017D Bonds established in the Series 2017D Indenture, as described in the Series 2017D Indenture, consists of: (a) all Appropriated Moneys; (b) all right, title and interest of the City in, to and under the Cooperative Agreement relating to the Midtown Redevelopment Project (the “Midtown Cooperative Agreement”), except for the Issuer’s Unassigned Rights, and (ii) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the proceeds of the bonds issued under the Series 2017D Indenture; and (c) all other moneys and securities from time to time held by the trustee under the terms of the Series 2017D Indenture (excluding amounts held in the rebate fund), and any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind pledged, assigned or transferred as and for additional security under the Series 2017D Indenture by the City, or by anyone in its behalf or with its written consent, to the Trustee. City Revenues are included in the Trust Estate for the Series 2017D Bonds pursuant to the Trust Estate description set forth in clause (a) of the preceding sentence, and Incremental Tax Revenues are included in the Trust Estate for the Series 2017D Bonds pursuant to the Trust Estate description set forth in clauses (b) and (c) of the preceding sentence. For a complete description of the sources of payment of the Series 2017D Bonds and definitions of the terms set forth in this paragraph, see **Appendix B** of this Official Statement “**DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS**” and the Series 2017D Indenture. See also “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Transfer of Funds by the City for the Midtown Redevelopment Project Bonds.**”

Payment of principal and interest on the Series 2017 Bonds may be made from any funds of the City legally available for such purpose. For a complete description of the Trust Estates established under the respective indentures and for the definitions used therein, see the indentures and **Appendix B** of this Official Statement “**DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS.**” See also, the caption “**SECURITY AND SOURCES OF PAYMENTS OF THE SERIES 2017 BONDS – Limited Obligations; Sources of Payment.**”

THE BONDS OF EACH SERIES AND THE INTEREST THEREON SHALL BE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE OUT OF CERTAIN FUNDS OF THE CITY, CERTAIN DESA REVENUES (ONLY WITH RESPECT TO THE SERIES 2017C

BONDS) AND CERTAIN INCREMENTAL TAX REVENUES (ONLY WITH RESPECT TO THE SERIES 2017D BONDS) AND MONEYS IN THE FUNDS AND ACCOUNTS HELD BY THE TRUSTEE UNDER THE INDENTURE FOR SUCH SERIES AND ARE SECURED BY A TRANSFER, PLEDGE AND ASSIGNMENT OF AND A GRANT OF A SECURITY INTEREST IN THE TRUST ESTATE TO THE TRUSTEE AND IN FAVOR OF THE OWNERS OF THE BONDS, AS PROVIDED IN THE INDENTURE FOR SUCH SERIES OF BONDS. THE BONDS AND INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATION OR PROVISION, AND SHALL NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE INDENTURE FOR SUCH BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. NO BREACH BY THE CITY OF ANY SUCH PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT MAY IMPOSE ANY LIABILITY, PECUNIARY OR OTHERWISE, UPON THE STATE OF MISSOURI OR ANY CHARGE UPON ITS GENERAL CREDIT OR ITS TAXING POWER.

No recourse shall be had for the payment of the principal of or interest on the Series 2017 Bonds of a series or for any claim based thereon or upon any obligation, covenant or agreement in the indenture therefor, contained, against any past, present or future elected official of the City or any trustee, officer, official, employee or agent of the City, as such, either directly or through the City, or any successor to the City, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise.

Bondowners' Risks

Purchase of the Series 2017 Bonds will constitute an investment subject to significant risks, including the risk of nonpayment of principal and interest and the loss of all or part of the investment. There can be no assurance that the City will annually appropriate Appropriated Moneys and City Revenues sufficient for the payment of debt service on the Series 2017 Bonds. Prospective purchasers should carefully evaluate the risks and merits of an investment in the Series 2017 Bonds, confer with their own legal and financial advisors and be able to bear the risk of loss of their investment in the Series 2017 Bonds before considering a purchase of the Series 2017 Bonds. See the caption "**BONDOWNERS' RISKS**" in this Official Statement.

Financial Statements and Financial Information

Audited financial statements of the City, as of and for the fiscal year ended April 30, 2016, are included in **Appendix A** to this Official Statement. The audited financial statements have been audited by a firm of independent certified public accountants, to the extent and for the periods indicated in the report of such firm, which is also included in **Appendix A**. The City did not request the independent certified public accountants to perform any additional work or any post-audit procedures subsequent to the date of its audit report on the April 30, 2016 financial statements. See the caption "**FINANCIAL STATEMENTS AND FINANCIAL INFORMATION**" in this Official Statement.

Continuing Disclosure

In connection with the issuance of the Series 2017 Bonds, the City will enter into a Continuing Disclosure Undertaking and agree to provide continuing disclosure information as required by Rule 15c2-12 of the Securities and Exchange Commission at the conclusion of each fiscal year of the City,

unless otherwise provided in the Continuing Disclosure Undertaking. See the section captioned “**CONTINUING DISCLOSURE**” to this Official Statement. See **Appendix E** to this Official Statement for a form of the Continuing Disclosure Undertaking.

Additional Information

Appendix C to this Official Statement contains information regarding the City and **Appendix A** to this Official Statement contains audited financial statements of the City. This Official Statement speaks only as of its date, and the information contained herein is subject to change. Additional information with respect to this Official Statement and the Series 2017 Bonds may be obtained from FirstSouthwest, a Division of Hilltop Securities, Inc., 1201 Elm Street, Suite 3500, Dallas, Texas 75270, or from Moody Reid Financial Advisors, 4435 Main Street, Suite 505, Kansas City, Missouri 64111. **Appendix D** contains the proposed form of opinion which is anticipated to be rendered by Co-Bond Counsel at the time of delivery of the Series 2017 Bonds.

Definitions and Summaries of Documents

Definitions of certain words and terms used in this Official Statement and summaries of certain Transaction Documents are included in this Official Statement in **Appendix B**. Such definitions and summaries do not purport to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to the definitive forms of such documents, copies of which may be obtained from FirstSouthwest, a Division of Hilltop Securities, Inc., 1201 Elm Street, Suite 3500, Dallas, Texas 75270, or from Moody Reid Financial Advisors, 4435 Main Street, Suite 505, Kansas City, Missouri 64111, and will be provided to any prospective purchaser requesting the same upon payment of the cost of complying with such request.

THE SERIES 2017 BONDS

General

The Series 2017 Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri. The Series 2017 Bonds will be issuable as fully registered bonds, without coupons, in denominations of \$5,000 and any integral multiple thereof. The Series 2017 Bonds will be dated as of the date of initial issuance and delivery thereof.

The Series 2017 Bonds will mature on the dates and in the principal amounts set forth on the inside cover pages of this Official Statement, subject to redemption and payment prior to maturity as described herein. The Series 2017 Bonds, when issued, will be registered in the name of Cede & Co., as nominee for DTC. Payment of the principal of, premium, if any, and interest on the Series 2017 Bonds will be made, and notices and other communications to the Bondowners will be given, directly to DTC or its nominee, Cede & Co., by the Trustee. In the event the Series 2017 Bonds are not in a book-entry-only system, payment of the principal of, premium, if any, and interest on the Series 2017 Bonds of any series will be made and such notices and communications will be given as described in the indenture therefor. See **Appendix F** of this Official Statement “**BOOK-ENTRY SYSTEM.**”

Interest Rates

The Series 2017A Bonds, the Series 2017B Bonds and the Series 2017D Bonds shall bear interest at the rates set forth on the inside cover pages of this Official Statement (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent payment date to which interest has been paid or duly provided for, payable on April 1 and October 1 in each year, beginning on October 1, 2017.

(ii) *Series 2017B Bonds.*

The Series 2017B Bonds maturing October 1, 20__ are subject to mandatory redemption on each October 1 beginning October 1, 20__, and shall be redeemed on the dates set forth below at 100% of the principal amount of the Series 2017B Bonds called for redemption plus interest accrued and unpaid to the date fixed for redemption, without premium:

<u>Series 2017B Term Bond Maturing October 1, 20__</u>	
<u>Year</u>	<u>Amount</u>

* Final Maturity

(iii) *Series 2017C Bonds.*

The Series 2017C Bonds maturing September 1, 20__ are subject to mandatory redemption on each September 1 beginning September 1, 20__, and shall be redeemed on the dates set forth below at 100% of the principal amount of the Series 2017C Bonds called for redemption plus interest accrued and unpaid to the date fixed for redemption, without premium:

<u>Series 2017C Term Bond Maturing September 1, 20__</u>	
<u>Year</u>	<u>Amount</u>

* Final Maturity

Selection of Series 2017 Bonds to be Redeemed

Series 2017 Bonds may be redeemed only in the principal amount of \$5,000 or any integral multiple thereof.

If less than all Series 2017 Bonds of a series of any maturity are to be redeemed, the particular Series 2017 Bonds of a series to be redeemed shall be selected by the Trustee from the Series 2017 Bonds of such maturity which have not previously been called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions equal to \$5,000 (or other minimum authorized denomination of such Series 2017 Bonds) of the principal of Series 2017 Bonds of a denomination larger than \$5,000 (or such other minimum authorized denomination).

Series 2017 Bonds Redeemed in Part

Any Series 2017 Bond which is to be redeemed only in part shall be surrendered at the place of payment therefor, and the City shall execute and the trustee for such series shall authenticate and deliver to the owner of such Series 2017 Bond, without service charge, a new Series 2017 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 2017 Bond so surrendered. If the owner of any such Series 2017 Bond shall fail to present such Series 2017 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 for a series of Series 2017 Bonds, in lieu of surrender under the preceding paragraph, payment of the redemption price of a portion of any Series 2017 Bond may be made directly to the registered owner thereof without surrender thereof, if there shall have been filed with such 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 Series 2017 Bond to such trustee for notation thereon of the portion of the principal thereof redeemed or shall surrender such Series 2017 Bond in exchange for a new Bond or Bonds for the unredeemed balance of the principal of the surrendered Series 2017 Bond.

Notice of Redemption

Unless waived by any owner of Series 2017 Bonds to be redeemed, official notice of any such redemption shall be given by the trustee for a series on behalf of the City 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 2017 Bonds to be redeemed at the address shown on the bond register.

All official notices of redemption shall be dated and shall state: (a) the redemption date; (b) the redemption price; (c) the principal amount of the series of Series 2017 Bonds to be redeemed and, if less than all Series 2017 Bonds of a maturity of a series are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts, numbers and maturity dates) of the Series 2017 Bonds to be redeemed; (d) that on the redemption date the redemption price will become due and payable upon each such Series 2017 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (e) the place where the Series 2017 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 for the series of Series 2017 Bonds.

The failure of any owner of Series 2017 Bonds to receive notice given as provided in the indenture for the series, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2017 Bonds. Any notice mailed as provided in such indenture shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any owner receives such notice.

In addition to the foregoing notice, further notice shall be given by the trustee for a series on behalf of the City at least two days before the date of mailing of such notice (i) to the registered owners by registered or certified mail or overnight delivery service, (ii) to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Series 2017 Bonds, and (iii) to one or more national information services that disseminate notices of redemption of

obligations such as the Series 2017 Bonds. Each further notice of redemption given shall contain the information required above for an official notice of redemption plus (a) the CUSIP numbers of all Series 2017 Bonds being redeemed, (b) the date of issue of the Series 2017 Bonds as originally issued, (c) the rate of interest borne by each Series 2017 Bond being redeemed, (d) the maturity date of each Series 2017 Bond being redeemed, and (e) any other descriptive information needed to identify accurately the Series 2017 Bonds being redeemed. No defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above described.

For so long as the Securities Depository is effecting book-entry transfers of the Series 2017 Bonds, the trustee for a series shall provide the notices specified in the indenture to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a beneficial owner of a Series 2017 Bond (having been mailed notice from such trustee, the Securities Depository, a Participant or otherwise) to notify the beneficial owner of the Series 2017 Bond so affected, shall not affect the validity of the redemption of such Series 2017 Bond.

With respect to optional redemptions, such notice may be conditioned upon moneys being on deposit with the Paying Agent on or prior to the redemption date in an amount sufficient to pay the redemption price on the redemption date.

Payment, Discharge and Defeasance

The Series 2017 Bonds of a series will be deemed to be paid and discharged and no longer Outstanding under the indenture therefor and will cease to be entitled to any lien, benefit or security of such indenture if the City shall pay or provide for the payment of such Series 2017 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 2017 Bonds, as and when the same become due and payable; (b) by delivering such Series 2017 Bonds to the trustee therefor for cancellation; or (c) by depositing in trust with the trustee or other paying agent therefor moneys and Defeasance 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 2017 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 2017 Bonds to the maturity or redemption date thereof); provided that, if any such Series 2017 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.

The Series 2017 Bonds of a series may be defeased in advance of their maturity or redemption dates only with cash or Defeasance Obligations pursuant to subsection (c) of the preceding paragraph, subject to receipt by the trustee of (i) for any advance refunding, a verification report prepared by independent certified public accountants, or other verification agent, and (ii) an Opinion of Co-Bond Counsel addressed and delivered to the trustee and the City to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Series 2017 Bonds of such series then Outstanding and any and all other amounts required to be paid under the provisions of the indenture therefor has been provided for in the manner set forth in such indenture and, as to the Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds, to the effect that so providing for the payment of any such Series 2017 Bonds will not cause the interest on such Series 2017 Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the indenture.

The foregoing notwithstanding, the liability of the City in respect of such Series 2017 Bonds shall continue, but the owners thereof shall thereafter be entitled to payment only out of the moneys and Defeasance Obligations deposited with the trustee as aforesaid.

Moneys and Defeasance Obligations so deposited with the trustee for a series shall not be a part of the Trust Estate for such series but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys and Defeasance Obligations shall be applied by the trustee therefor to the payment (either directly or through any paying agent, as the trustee may determine) to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such moneys and Defeasance Obligations have been deposited with the trustee.

Registration, Transfer and Exchange

The trustee for a series shall cause to be kept at its principal corporate trust office a register (the “bond register”) in which, subject to such reasonable regulations as it may prescribe, the trustee shall provide for the registration, transfer and exchange of Series 2017 Bonds of a series. The trustee is appointed “bond registrar” for the purpose of registering Series 2017 Bonds and transfers of Series 2017 Bonds. Series 2017 Bonds may be transferred or exchanged only upon the bond register maintained by the trustee. Upon surrender for transfer or exchange of any Series 2017 Bond at the principal corporate trust office of the trustee, the City shall execute, and the trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Series 2017 Bonds of the same maturity, of any authorized denominations and of a like aggregate principal amount. Every Series 2017 Bond presented or surrendered for transfer or exchange shall (if so required by the City or the trustee, as bond registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the City and the trustee, as bond registrar, duly executed by the owner thereof or such owner’s attorney or legal representative duly authorized in writing. All Series 2017 Bonds surrendered upon any exchange or transfer provided for in the indenture shall be promptly cancelled by the trustee and thereafter disposed of as required by applicable law. All Series 2017 Bonds issued upon any transfer or exchange of Series 2017 Bonds shall be the valid obligations of the City, evidencing the same debt, and entitled to the same security and benefits under the indenture, as the Series 2017 Bonds surrendered upon such transfer or exchange.

No service charge shall be made for any registration, transfer or exchange of Series 2017 Bonds, but the trustee or Securities Depository may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Series 2017 Bonds, and such charge shall be paid before any such new Series 2017 Bond shall be delivered. The fees and charges of the trustee for making any transfer or exchange and the expense of any bond printing necessary to effect any such transfer or exchange shall be paid by the City. If any registered owner fails to provide a correct taxpayer identification number to the trustee, the trustee may impose a charge against such registered owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Internal Revenue Code, such amount may be deducted by the trustee from amounts otherwise payable to such registered owner under the indenture or under the Series 2017 Bonds.

The trustee shall not be required (a) to transfer or exchange any Series 2017 Bond during a period beginning at the opening of business 15 days before the day of the first publication or the mailing (if there is no publication) of a notice of redemption of such Series 2017 Bond and ending at the close of business on the day of such publication or mailing, or (b) to transfer or exchange any Series 2017 Bond so selected for redemption in whole or in part, during a period beginning at the opening of business on any Record Date and ending at the close of business on the relevant interest payment date therefor.

The Person in whose name any Series 2017 Bond shall be registered on the bond register shall be deemed and regarded as the absolute owner thereof for all purposes, except as otherwise provided in the indenture, and payment of or on account of the principal of and premium, if any, and interest on any such Series 2017 Bond shall be made only to or upon the order of the registered owner thereof or such owner's legal representative, but such registration may be changed as provided in the indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2017 Bond to the extent of the sum or sums so paid.

Mutilated, Lost, Stolen or Destroyed Bonds

If any mutilated Series 2017 Bond of a series is surrendered to the trustee for such series, or the trustee receives evidence to its satisfaction of the destruction, loss or theft of any Series 2017 Bond, and there is delivered to the City and the trustee such security or indemnity as may be required by the trustee to save the trustee and the City harmless, then, in the absence of notice to the trustee that such Series 2017 Bond has been acquired by a bona fide purchaser, the City shall execute and upon the City's request the trustee shall authenticate and deliver in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Series 2017 Bond, a new Series 2017 Bond of the same maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding. If any such mutilated, destroyed, lost or stolen Series 2017 Bond has become or is about to become due and payable, the City in its discretion, may pay such Series 2017 Bond instead of issuing a new Series 2017 Bond. Upon the issuance of any new Series 2017 Bond, the City and the trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith. Every new Series 2017 Bond of a series issued in lieu of any destroyed, lost or stolen Series 2017 Bond, shall constitute an original additional contractual obligation of the City, whether or not the destroyed, lost or stolen Series 2017 Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of the indenture equally and ratably with all other Outstanding Series 2017 Bonds. These provisions are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, lost, stolen or destroyed Series 2017 Bonds.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Series 2017 Bonds, but neither the failure to print such numbers on the Series 2017 Bonds, nor any error in the printing of such numbers shall constitute cause for the failure or refusal by the purchaser thereof to accept delivery of and payment for any Series 2017 Bond.

PLAN OF FINANCE

Purpose of the Series 2017 Bonds

Series 2017A Bonds. The City will issue the Series 2017A Bonds pursuant to the Series 2017A and B Indenture for the purpose of providing funds (i) to finance the Taxable Projects described below, (ii) to fund a debt service reserve fund for the Series 2004B-1 Bonds in the amount of \$7,342,104.10, (iii) to pay capitalized interest on a portion of the Series 2017A Bonds and (iv) to pay certain costs relating to the issuance of the Series 2017A Bonds. In the opinion of Co-Bond Counsel, the interest on the Series 2017A Bonds is included in gross income for federal and Missouri income tax purposes. See "TAX MATTERS" herein and the form of Opinion of Co-Bond Counsel attached hereto as Appendix D.

Taxable Projects. The Taxable Projects include the following:

<u>Description of Project</u>	<u>Estimated Cost of Project*</u>
Linwood Shopping Center	\$ 16,250,000.00
18th & Vine, Phase 1	7,000,000.00
TOTAL	\$23,250,000.00

* Estimated Project costs represent the estimates of the City as of the date hereof and are included for informational purposes only. Nothing contained herein shall limit or prevent the City from expending Series 2017A proceeds on any of the identified Taxable Projects or on other General City Projects hereinafter identified under the Series 2017A and B Indenture in such amounts as the Director of Finance determines is necessary and appropriate, acting upon the recommendation of Co-Bond Counsel, provided that amounts deposited in the Linwood Project Account of the Project Fund shall be used only to pay or reimburse costs of the Linwood Project described herein under the caption “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Possible Sources of Funding for Appropriated Money – Series 2017A Bonds**”.

Series 2017B Bonds. The City will issue the Series 2017B Bonds pursuant to the Series 2017A and B Indenture for the purpose of providing funds (i) to finance and refinance the Tax-Exempt Projects described below and (ii) to pay certain costs relating to the issuance of the Series 2017B Bonds. One of the Tax-Exempt Projects is the refinancing of certain capital costs associated with the creation by the City in conjunction with the State of Missouri (the “State”), of an Assessment Triage Center to serve people with a mental illness or substance use disorder, located in a building leased to the City by the State (the “Crisis Center Project”) initially financed with a portion of the proceeds of the City’s Series 2014D Bonds, through the refunding of the Refunded Series 2014D Bonds.

Tax-Exempt Projects. The Tax-Exempt Projects include the following:

<u>Description of Project</u>	<u>Estimated Cost of Project*</u>
Peoplesoft Upgrade	\$ 5,099,736.00
Energov Permitting System	1,548,201.00
Museum	6,000,000.00
Zoo Security Cameras	1,800,000.00
Refinancing of Crisis Center	1,504,000.00
Fuel Stations	4,674,000.00
TOTAL	\$20,625,937.00

* Estimated Project costs represent the estimates of the City as of the date hereof and are included for informational purposes only. Nothing contained herein shall limit or prevent the City from expending Series 2017B proceeds on any of the identified Tax-Exempt Projects or on other General City Projects hereinafter identified under the Series 2017A and B Indenture (subject to satisfaction of the requirements of the Tax Compliance Agreement for the Series 2017B Bonds) in such amounts as the Director of Finance determines is necessary and appropriate, acting upon the recommendation of Co-Bond Counsel.

Series 2017C Bonds. The City will issue the Series 2017C Bonds pursuant to the Series 2017C Indenture for the purpose of providing funds (i) to advance refund the Refunded Series 2005A Bonds described below and (ii) to pay certain costs relating to the issuance of the Series 2017C Bonds.

Refunded Series 2005A Bonds. The Industrial Development Authority of the City of Kansas City, Missouri (the “Authority”) issued its Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A (the “Series 2005A Bonds”) for the purpose of financing a portion of the costs of a retail/entertainment district which includes restaurants, night clubs, bars, theaters, attractions, retail, residential and office components and related parking and other improvements, together with necessary infrastructure improvements and the construction of public parking facilities within the retail/entertainment district (the “Kansas City Downtown Redevelopment District Project”).

The Series 2005A Bonds on maturing and after December 1, 2018 are subject to optional redemption on any day on and after December 1, 2017. All of the Outstanding Series 2005A Bonds in the principal amount of \$96,040,000 maturing in the years 2017 through 2032 (the “Refunded Series 2005A Bonds”) will be advance refunded with proceeds of the Series 2017C Bonds.

A portion of the proceeds of the Series 2017C Bonds will be deposited in trust under an Escrow Trust Agreement dated as of March 1, 2017 (the “Series 2005A Escrow Agreement”) between the City and UMB Bank, N.A., as escrow agent (the “Series 2005A Escrow Agent”) for the Refunded Series 2005A Bonds. The escrowed funds will be sufficient to pay the principal of and accrued interest on \$1,535,000 of the Refunded Series 2005A Bonds coming due on December 1, 2017 and to redeem \$94,505,000 of the Refunded Series 2005A Bonds on such date at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon.

Issuance of the Series 2017C Bonds will be subject to delivery by Robert Thomas CPA, LLC of a report verifying the mathematical accuracy of certain computations relating to (a) the adequacy of the maturing principal amounts of the securities held in the Series 2005A Escrow Fund, interest earned thereon and certain uninvested cash to pay the principal and redemption price of, and interest on, the Refunded Series 2005A Bonds as such principal and redemption price and interest become due and payable, and (b) the mathematical computations supporting the conclusion that the Series 2017C Bonds are not “arbitrage bonds” under the Internal Revenue Code.

Series 2017D Bonds. The City will issue the Series 2017D Bonds pursuant to the Series 2017D Indenture for the purpose of providing funds (i) to current refund the Refunded Series 2007A Bonds described below and (ii) to pay certain costs relating to the issuance of the Series 2017D Bonds.

Refunded Series 2007A Bonds. The Authority issued its Infrastructure Facilities Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the “Series 2007A Bonds”) to provide funds to refund two prior series of bonds issued by the Missouri Development Finance Board (the “Board”), including its then outstanding Infrastructure Facilities Revenue Bonds (Kansas City, Missouri - Midtown Redevelopment Project) Series 2000A (the “Series 2000A Midtown Bonds”), which were issued by the Board to finance and refinance that certain redevelopment project (the “Midtown Redevelopment Project”) authorized by the Midtown Tax Increment Financing Plan dated April 1, 1993, as amended (the “Midtown Redevelopment Plan”).

The Series 2007A Bonds maturing in the year 2018 and thereafter are subject to optional redemption on any day on and after April 1, 2017. All of the Outstanding Series 2007A Bonds in

the principal amount of \$17,425,000 maturing in the years 2018 through 2022 (the “Refunded Series 2007A Bonds”) will be current refunded with proceeds of the Series 2017D Bonds.

A portion of the proceeds of the Series 2017D Bonds will be deposited in trust under an Escrow Trust Agreement dated as of March 1, 2017 (the “Series 2007A Escrow Agreement”) between the City and UMB Bank, N.A., as escrow agent (the “Series 2007A Escrow Agent”) for the Refunded Series 2007A Bonds. The escrowed funds will be sufficient to pay the principal of and accrued interest on the Refunded Series 2007A Bonds on the redemption date thereof (expected to be April 24, 2017*) at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon. As previously described under the caption “**INTRODUCTION - The Series 2017D Bonds,**” the Refunded Series 2007A Bonds constitute \$17,425,000 principal amount of the Series 2007A Bonds maturing on April 1 in the years 2018 through 2022. The \$3,620,000 principal amount of the Series 2007A Bonds maturing on April 1, 2017, is not being refunded. Payment of such nonrefunded Series 2007A Bonds will be made outside of the Series 2007A Escrow Agreement. The City will deposit sufficient moneys with UMB Bank, N.A., as trustee of the Series 2007A Bonds, to pay principal of and interest on the Series 2007A Bonds maturing April 1, 2017 in accordance with the provisions of the indenture under which the Series 2007A Bonds were issued.

Issuance of the Series 2017D Bonds will be subject to delivery by Robert Thomas CPA, LLC of a report verifying the mathematical accuracy of certain computations relating to (a) the adequacy of the maturing principal amounts of the securities held in the Series 2007A Escrow Fund, interest earned thereon and certain uninvested cash to pay the principal and redemption price of, and interest on, the Refunded Series 2007A Bonds as such principal and redemption price and interest become due and payable, and (b) the mathematical computations supporting the conclusion that the Series 2017D Bonds are not “arbitrage bonds” under the Internal Revenue Code.

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* Preliminary, subject to change

Sources and Uses of Series 2017 Bond Funds and Other Moneys

Series 2017A Bonds

Sources of Funds

Par amount of Series 2017A Bonds

Total Sources Series 2017A Bonds

Uses of Funds

Series 2017A Project Fund

Funding of Series 2004B-1 Debt Service Reserve Fund

Capitalized Interest

Series 2017 Costs of Issuance Account

Underwriters' Discount

Total Uses Series 2017A Bonds

Series 2017B Bonds

Sources of Funds

Par amount of Series 2017B Bonds

Reoffering Premium (net of Original Issue Discount)

Total Sources Series 2017B Bonds

Uses of Funds

Series 2017B Project Fund

Series 2017B Costs of Issuance Account

Rebate Fund

Underwriters' Discount

Total Uses Series 2017B Bonds

Series 2017C Bonds

Sources of Funds

Par amount of Series 2017C Bonds

Reoffering Premium (net of Original Issue Discount)

Total Sources Series 2017C Bonds

Uses of Funds

Escrow Fund for Refunded Series 2005A Bonds

Series 2017C Costs of Issuance Account

Rebate Fund

Underwriters' Discount

Total Uses Series 2017C Bonds

Series 2017D Bonds

Sources of Funds

Par amount of Series 2017D Bonds

Reoffering Premium (net of Original Issue Discount)

Series 2007A Debt Service Fund

Total Sources Series 2017D Bonds

Uses of Funds

Escrow Fund for Refunded Series 2007A Bonds

Series 2017D Costs of Issuance Account

Rebate Fund

Underwriters' Discount

Total Uses Series 2017D Bonds

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS

Limited Obligations; Sources of Payment

The Series 2017 Bonds of each series and the interest thereon are special, limited obligations of the City, payable solely from the funds of the City held by the trustee for such series as provided in the indenture therefor, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate granted pursuant to the indenture for such series of Series 2017 Bonds to the trustee and in favor of the Owners of such Series 2017 Bonds.

The Trust Estate established for the Series 2017A Bonds and Series 2017B Bonds in the Series 2017A and B Indenture, as described in the Series 2017A and B Indenture, consists of: (a) all Appropriated Moneys; (b) all moneys and securities (except moneys and securities held in the rebate fund for the Series 2017B Bonds) from time to time held by the Trustee under the terms of the Series 2017A and B Indenture; and (c) any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Series 2017A and B Indenture by the City or by anyone in its behalf or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Series 2017A and B Indenture. For a complete description of the sources of payment of the Series 2017A Bonds and Series 2017B Bonds and definitions of the terms set forth in this paragraph, see **Appendix B** of this Official Statement “**DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS**” and the Series 2017A and B Indenture.

The Trust Estate for the Series 2017C Bonds established in the Series 2017C Indenture, as described in the Series 2017C Indenture, consists of: (a) all Appropriated Moneys; (b) all other moneys and securities from time to time held by the Trustee under the terms of the Series 2017C Indenture (excluding amounts held in the rebate fund), and (c) any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind pledged, assigned or transferred as and for additional security under the Series 2017C Indenture by the City, or by anyone in its behalf or with its written consent, to the Trustee. DESA Revenues are included in the Trust Estate for the Series 2017C Bonds pursuant to the Trust Estate description set forth in clauses (b) and (c) of the preceding sentence. For a complete description of the sources of payment of the Series 2017C

Bonds and definitions of the terms set forth in this paragraph, see **Appendix B** of this Official Statement **“DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS”** and the Series 2017C Indenture. See also **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Transfer of Funds by the City for the Downtown Redevelopment District Project Bonds.”**

The Trust Estate for the Series 2017D Bonds established in the Series 2017D Indenture, as described in the Series 2017D Indenture, consists of: (a) Appropriated Moneys; (b) all right, title and interest of the City (including, but not limited to, the right to enforce any of the terms thereof) in, to and under (i) the Midtown Cooperative Agreement, except for the Issuer’s Unassigned Rights, and (ii) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the proceeds of the bonds issued under the Series 2017D Indenture; and (c) all other moneys and securities from time to time held by the trustee under the terms of the Series 2017D Indenture (excluding amounts held in the rebate fund), and any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind pledged, assigned or transferred as and for additional security under the Series 2017D Indenture by the City, or by anyone in its behalf or with its written consent, to the Trustee. City Revenues are included in the Trust Estate for the Series 2017D Bonds pursuant to the Trust Estate description set forth in clause (a) of the preceding sentence, and Incremental Tax Revenues are included in the Trust Estate for the Series 2017D Bonds pursuant to the Trust Estate description set forth in clauses (b) and (c) of the preceding sentence. For a complete description of the sources of payment of the Series 2017D Bonds and definitions of the terms set forth in this paragraph, see **Appendix B** of this Official Statement **“DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS”** and the Series 2017D Indenture. See also **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Transfer of Funds by the City for the Midtown Redevelopment Project Bonds.”**

As described above, pursuant to each indenture, the City has pledged, as security for the payment of the Series 2017 Bonds of a series, all of its rights and interests in the applicable Trust Estate. The City further covenants in each indenture that the City officer responsible for formulating the City budget will be directed to include in the budget proposal submitted to the City Council in each fiscal year that the Series 2017 Bonds of such series are outstanding a request for an appropriation of funds in an amount equal to the principal of and interest on such Series 2017 Bonds during the next fiscal year of the City which appropriated amount, or portion thereof, will be transferred to the trustee for such series at the times and in the manner provided in the indenture therefor. Appropriation is not required for the use to pay debt service of the PILOTS relating to the Series 2017D Bonds.

THE BONDS OF EACH SERIES AND THE INTEREST THEREON SHALL BE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE OUT OF CERTAIN FUNDS APPROPRIATED, CERTAIN DESA REVENUES (ONLY WITH RESPECT TO THE SERIES 2017C BONDS) AND CERTAIN INCREMENTAL TAX REVENUES (ONLY WITH RESPECT TO THE SERIES 2017D BONDS) MONEYS IN THE FUNDS AND ACCOUNTS HELD BY THE TRUSTEE UNDER THE INDENTURE FOR SUCH SERIES AND ARE SECURED BY A TRANSFER, PLEDGE AND ASSIGNMENT OF AND A GRANT OF A SECURITY INTEREST IN THE TRUST ESTATE TO THE TRUSTEE AND IN FAVOR OF THE OWNERS OF THE BONDS, AS PROVIDED IN THE INDENTURE FOR SUCH SERIES OF BONDS. THE BONDS AND INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATION OR PROVISION, AND SHALL NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE INDENTURE FOR SUCH BONDS. THE ISSUANCE OF THE BONDS SHALL NOT,

DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. NO BREACH BY THE CITY OF ANY SUCH PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT MAY IMPOSE ANY LIABILITY, PECUNIARY OR OTHERWISE, UPON THE STATE OF MISSOURI OR ANY CHARGE UPON ITS GENERAL CREDIT OR ITS TAXING POWER.

There can be no assurance that the City will appropriate or otherwise provide moneys in any year sufficient to make payments of the principal of and interest on the Series 2017 Bonds of a series, and the indenture for such series does not obligate the City to do so. However, under the indenture for each series, the City covenants that a request for the appropriation of Appropriated Moneys or, in the case of the Series 2017D Indenture the City Revenues, will be included in each annual budget submitted to the governing body of the City for approval. A failure by the City to appropriate moneys in a fiscal year sufficient to pay debt service on any Series 2017 Bond does not constitute an Event of Default under the applicable indenture therefor.

No recourse shall be had for the payment of the principal of or interest on the Series 2017 Bonds of a series or for any claim based thereon or upon any obligation, covenant or agreement in the indenture therefor against any past, present or future elected official of the City or any trustee, officer, official, employee or agent of the City, as such, either directly or through the City or any successor to the City, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise.

Transfer of Appropriated Moneys by the City for the Series 2017A Bonds and the Series 2017B Bonds

Pursuant to the Series 2017A and B Indenture, subject to annual appropriation, not less than three Business Days prior to each Payment Date, the City will transfer to the Trustee Appropriated Moneys for the Series 2017A Bonds and the Series 2017B Bonds sufficient to make the following deposits to the funds and accounts created under the Series 2017A and B Indenture and the Trustee shall deposit such Appropriated Moneys received from the City as follows:

(a) *First*, for transfer to the Rebate Fund, an amount sufficient to pay rebate, if any, to the United States of America, owed under Section 148 of the Internal Revenue Code, as directed in writing by the City in accordance with the Tax Compliance Agreement relating to the Series 2017B Bonds;

(b) *Second*, for transfer to the Series 2017A Debt Service Fund and Series 2017B Debt Service Fund, an aggregate amount sufficient, taking into account amounts already on deposit therein, to pay the principal of and interest on the Series 2017A Bonds and Series 2017B Bonds on the next succeeding Payment Date and, if so directed by the City, to pay such amount of the principal of and interest due on the Bonds in the then-current Fiscal Year as the City shall direct; and

(c) *Third*, for payment to the Trustee or any Paying Agent, an amount sufficient for payment of any fees and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the City of an invoice for such amounts.

If the amount transferred by the City shall be insufficient to make all such deposits, such Appropriated Moneys will be applied in such amounts and into such funds and accounts as directed by the City.

See **Appendix B** of this Official Statement “**DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS**” and the Series 2017A and B Indenture.

There can be no assurance that the City will appropriate such funds in any year and the Series 2017A and B Indenture does not obligate the City to do so. A failure to appropriate such funds does not constitute an Event of Default under the Series 2017A and B Indenture. However, under the Series 2017A and B Indenture, the City covenants that a request for appropriations will be included in each annual budget submitted to the governing body of the City for approval.

Possible Sources of Funding for Appropriated Money – Series 2017A Bonds

Although payment of principal and interest for the Series 2017A Bonds may be made from any funds of the City legally available for such purpose, the Linwood Project financed with proceeds of the Series 2017A Bonds is expected to have a specified revenue source from which funds may be appropriated to pay the applicable portion of debt service attributable to such project, as described in this paragraph. The Linwood Project will be financed with tax increment financing, which is a financing method whereby the City is authorized to allocate certain incremental tax revenues arising from the redevelopment of a designated area to the financing of public improvements made within a redevelopment area, pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, RSMo, as amended (the “TIF Act”). The Linwood Project is the financing of the construction of approximately 64,580 square feet of retail space, including a grocery store, parking and all necessary appurtenances and utilities to support such development in the Linwood Shopping Center Redevelopment Area (the “Linwood Project Area”). Certain TIF Revenues (as such term is defined in the Linwood Cooperative Agreement described in the following sentence) from the Linwood Project Area may be used to finance costs attributable to such Linwood Project, including debt service on bonds issued to finance project costs, as described in the following sentence. The City and the Tax Increment Financing Commission of Kansas City, Missouri (the “Commission”) have entered into that certain Cooperative Agreement dated as of March 1, 2017 (the “Linwood Cooperative Agreement”), wherein certain TIF Revenues will be applied to pay a portion of the costs of the Linwood Project, including principal of and interest on the Series 2017A Bonds attributable to such Linwood Project, subject to the requirements described in this paragraph. Before any such TIF Revenues can be so applied, the Linwood Project must have been built and the procedural requirements of the Commission relating to TIF Act projects must have been satisfied, including but not limited to certification of the costs of the Linwood Project to the Commission. Subject in all respects to the satisfaction of such requirements, pursuant to the Linwood Cooperative Agreement, TIF Revenues from the Linwood Project Area include an amount attributable to 50% of the increase in certain tax revenues generated by economic activities (referred to as “economic activity tax revenues”) within the Linwood Project Area. If such conditions are not satisfied, there will be no TIF Revenues from the Linwood Project Area. The City also agrees in the Linwood Cooperative Agreement to make Super TIF Revenues available for the Linwood Project, which consist of, subject to annual appropriation by the City, the remaining 50% of the increase in certain other tax revenues generated by economic activities within the Linwood Redevelopment Area, commonly known as “Super TIF Revenues”. The TIF Revenues and Super TIF Revenues, when and if received, are not pledged to payment of the Series 2017A Bonds and the City expects to, but is not required to, use such TIF Revenues and Super TIF Revenues to fund its annual appropriations allocable to debt service on the portion of the Series 2017A Bonds applied to finance the cost of the Linwood Project. Such annual appropriations, when made, may be financed with any lawfully available funds of the City.

Kansas City Downtown Redevelopment District Project Financing

Proceeds of the Series 2005A Bonds financed a portion of the costs of the Kansas City Downtown Redevelopment District Project as described above. The DESA Revenues described below have been available to pay debt service on the Series 2005A Bonds and will be available to pay debt service on the Series 2017C Bonds.

Pursuant to the DESA Act, the City created the Downtown Economic Stimulus Authority of Kansas City, Missouri (“DESA”), which authorizes the City to approve development plans, establish a special allocation fund and pledge such fund to the repayment of obligations issued to finance such development plans. Upon the recommendation of DESA, the City Council approved the South Loop Downtown Economic Stimulus Plan (the “DESA Plan”) and the Development Project described therein (the “DESA Project”) within the project area described in the DESA Plan (the “DESA Project Area”). The DESA Project Area is located in an approximately 7-block area in downtown Kansas City, between the City’s convention center complex and a City-owned 17,000 seat multi-purpose indoor arena.

Upon application of DESA, the Missouri Economic Development Authority awarded a State Certificate granting the herein-defined DESA Revenues, subject to annual appropriation by the State. At the time the Series 2005A Bonds were issued, the City and DESA entered into a Cooperative Agreement pursuant to which DESA agreed to make the DESA Revenues available for use in paying debt service relating to the Series 2005A Bonds; the City and DESA are in the process of supplementing such agreement to continue such agreement in effect with respect to the Series 2017C Bonds (as and when supplemented, the “DESA Cooperative Agreement”). “DESA Revenues” consist of a portion of the state income tax equal to 0.94% of gross payroll in the DESA Project Area and 35.5% of the state sales tax increment generated in the DESA Project Area, subject to annual appropriation by the State, and are subject to a 5% retainage by the State.

The following table sets forth historical information on DESA Revenues and debt service on the Series 2005A Bonds in Fiscal Years 2012 through 2016.

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The Industrial Development Authority of the City of Kansas City, Missouri
Tax-Exempt Revenue Bonds
(Kansas City Downtown Redevelopment District) Series 2005A, 2012-2016
(\$ in thousands)⁽⁴⁾

Fiscal Year	DESA Revenues Available for Debt Service	Series 2005A Debt Service Requirements			
		Principal	Interest	Total	Coverage
2012	\$ 840	\$ 1,575	\$ 5,370	\$ 6,945	0.12
2013	1,142 ⁽¹⁾	1,815	5,307	7,122	0.16
2014	335 ⁽²⁾	2,065	5,234	7,299	0.05
2015	1,302 ⁽¹⁾	-- ⁽³⁾	4,669	4,669	0.28
2016	894	320	4,669	4,989	0.18

⁽¹⁾ Includes DESA reimbursements for three semi-annual periods.

⁽²⁾ Includes DESA reimbursement for one semi-annual period.

⁽³⁾ The IDA Series 2005A Bonds were partially refunded on March 25, 2014, by issuance of the City's Special Obligation Bonds, Series 2014C. Prior to the refunding, the scheduled principal amortization was \$2,335,000.

⁽⁴⁾ Amounts shown are rounded. Totals may not add due to rounding.

Source: City

Additional Bonds may be issued under and equally and ratably secured by the Series 2017C Indenture on a parity (except as otherwise provided in the Series 2017C Indenture) with the Series 2017C Bonds, and any other Additional Bonds at any time and from time to time, upon compliance with the conditions set forth in the Series 2017C Indenture. The Series 2017C Bonds, and any such additional bonds issued under the Series 2017C Indenture on a parity therewith are referred to herein as the "Downtown Redevelopment District Bonds."

The Series 2005A Bonds were, and the Authority's Tax-Exempt Refunding Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2011A (the "Series 2011A Bonds") currently outstanding in the aggregate principal amount of \$147,515,000 are, also secured by certain revenues under the TIF Act, by Super TIF and by State Sales Tax Revenues, and a portion of the debt service on the Series 2011A Bonds is also secured by certain revenues under the Transportation Development District Act, Sections 238.200 to 238.275, inclusive, of the Revised Statutes of Missouri, as amended (the "TDD Act"), relating to improvements financed under the TDD Act with proceeds of certain bonds refunded by the Series 2011A Bonds (referred to herein as the Series 2006B Portion of the Debt Service). Until such time as the Series 2011A Bonds are no longer outstanding, such TIF Act revenues will not be available to pay debt service on the Series 2017C Bonds. The Series 2017C Indenture provides for the future use of TIF Act revenues to pay debt service on the Series 2017C Bonds and any bonds issued under the Series 2017C Indenture, and also for the use of TDD Act revenues to pay debt service on the Series 2006B Portion of the Debt Service, at such time as the Series 2011A Bonds are no longer outstanding. Inasmuch as the portion of the Downtown Redevelopment District Project financed with proceeds of the Series 2005A Bonds did not include any financing under the TDD Act, TDD Act revenues will never be available to pay debt service on the Series 2017C Bonds.

Transfer of Appropriated Moneys by the City for the Series 2017C Bonds

Pursuant to the Series 2017C Indenture, subject to annual appropriation, not less than three Business Days prior to each Payment Date, the City will transfer to the Trustee Appropriated Moneys for

the Series 2017C Bonds sufficient to make the following deposits to the funds and accounts created under the Series 2017C Indenture and the Trustee shall deposit such Appropriated Moneys received from the City as follows:

(a) *First*, for transfer to the Rebate Fund, an amount sufficient to pay rebate, if any, to the United States of America, owed under Section 148 of the Internal Revenue Code, as directed in writing by the City in accordance with the Tax Compliance Agreement relating to the Series 2017C Bonds;

(b) *Second*, for transfer to the Series 2017C Bond Fund, an aggregate amount sufficient, taking into account amounts already on deposit therein, to pay the principal of and interest on the Series 2017C Bonds on the next succeeding Payment Date and, if so directed by the City, to pay such amount of the principal of and interest due on the Bonds in the then-current Fiscal Year as the City shall direct; and

(c) *Third*, for payment to the Trustee or any Paying Agent, an amount sufficient for payment of any fees and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the City of an invoice for such amounts.

If the amount transferred by the City shall be insufficient to make all such deposits, such Appropriated Moneys will be applied in such amounts and into such funds and accounts as directed by the City.

See **Appendix B** of this Official Statement “**DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS**” and the Series 2017C Indenture.

There can be no assurance that the City will appropriate such funds in any year and the Series 2017C Indenture does not obligate the City to do so. A failure to appropriate such funds does not constitute an Event of Default under the Series 2017C Indenture. However, under the Series 2017C Indenture, the City covenants that a request for appropriations will be included in each annual budget submitted to the governing body of the City for approval.

Transfer of Funds by the City for the Downtown Redevelopment District Bonds

Downtown Redevelopment District Bonds. The Series 2017C Indenture establishes a Revenue Fund which the Trustee is to administer as follows:

(a) The City shall transfer, or cause to be transferred, any TIF Revenues, DESA Revenues, Super TIF Revenues, City Revenues and TDD Revenues, to the extent that any TIF Revenues, Super TIF Revenues, City Revenues or TDD Revenues are to be made available for payment of the Series 2017C Bonds or any Additional Bonds, to the Trustee for deposit into the Revenue Fund. All TIF Revenues designated as such to the Trustee and transferred to the Trustee shall be deposited in the TIF Revenues Account of the Revenue Fund. All DESA Revenues designated as such to the Trustee and transferred to the Trustee shall be deposited in the DESA Revenues Account of the Revenue Fund. All Super TIF Revenues and funds appropriated by the City from generally available funds of the City (which are not TIF Revenues or DESA Revenues) designated as such to the Trustee and transferred to the Trustee shall be deposited in the City Revenue Account of the Revenue Fund. All TDD Revenues designated as such to the Trustee shall be deposited in the TDD Revenues Account of the Revenue Fund.

(b) Moneys in the Revenue Fund (drawing first from the DESA Revenue Account for transfers only to the Series 2017C Bond Account of the Bond Fund and first from the TDD Revenue Account for transfer only to pay the Series 2006B Portion of Debt Service), second from the TIF Revenues Account and third from the City Revenue Account) shall be applied by the Trustee for the

first two purposes listed below on the third Business Day preceding each Interest Payment Date (except as otherwise provided below), and on the first Business Day preceding each Principal Payment Date, or any other appropriate Business Day upon instructions from the City, for the remaining purposes and in the amounts as follows:

First, in accordance with the written direction of the City, to the Trustee or any Paying Agent, an amount sufficient for payment of any reasonable fees and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the City of an invoice for such amounts, and any surveillance fees of the Rating Agencies, provided, however, that City shall not direct to the Trustee to transfer funds from the DESA Revenue Account to be used to pay any such expenses except to the extent attributable to the Series 2017C Bonds, and no funds from the TDD Revenue Account to be used to pay any expenses except to the extent attributable to the Series 2006B Portion of Debt Service;

Second, at the written direction of the City, to the TIF Commission, an amount the City determines is sufficient to reimburse the TIF Commission for its reasonable administrative and professional service fees, costs and expenses (including staff time) in connection with the performance of its obligations under the TIF Plan and the Redevelopment Agreement provided, however, that no funds withdrawn from the DESA Revenue Account or TDD Revenues Account may be used to pay any such expenses;

Third, at the written direction of the City, to DESA, an amount the City determines is sufficient to reimburse DESA for its reasonable administrative and professional service fees, costs and expenses (including staff time) in connection with the performance of its obligations under the DESA Plan and the Redevelopment Agreement; provided no funds withdrawn from the TDD Revenues Account may be used for this purpose;

Fourth, at the written direction of the City, to the City, an amount the City determines is sufficient to reimburse the City for its reasonable administrative and professional service fees, costs and expenses (including staff time) in connection with the performance of its obligations under the Redevelopment Plans, and to reimburse the City for City Revenues advanced to pay debt service on the Bonds (and other Kansas City Downtown Redevelopment District bonds as identified in the Series 2017C Indenture), provided, however, the City shall not direct to the Trustee to transfer funds from the DESA Revenue Account to be used to pay any such expenses except to the extent attributable to the Series 2005A Bonds, the Series 2017C Bonds or any DESA-Qualified Additional Bonds, and no funds withdrawn from the TDD Revenue Account may be used to pay any such expenses except to the extent attributable to the Series 2006B Portion of Debt Service;

Fifth, upon written direction from the City, to the extent the Series 2017C Bonds remain Outstanding and the surplus is attributable to DESA Revenues to the Series 2017C Redemption Account of the Bond Fund, to the extent the surplus is attributable to TDD Revenues to the payment of the Series 2006B Portion of Debt Service, and all other excess amounts on deposit in the TIF Revenues Account and/or the City Revenue Account may be deposited to any Redemption Account for any Series of Bonds as so directed by the City, and thereafter used to redeem the related Series of Bonds in whole or in part pursuant to the Indenture.

As indicated above, so long as the Series 2011A Bonds are outstanding, there will be no TIF Revenues available for payment of debt service on the Series 2017C Bonds, and TDD Revenues will never be available for payment of debt service on the Series 2017C Bonds.

Midtown Redevelopment Project Financing

The Midtown Redevelopment Project refinanced with proceeds of the Series 2007A Bonds being refunded with proceeds of the Series 2017D Bonds included the acquisition of property, demolition of blighted structures, construction, and improvement of parking facilities and other eligible redevelopment costs within the Midtown Tax Increment Financing Redevelopment Area in the City. The City and the Commission are entering into a Cooperative Agreement dated as of March 1, 2017 (the “Midtown Cooperative Agreement”) wherein certain Incremental Tax Revenues are to be applied to pay a portion of the costs of the Midtown Redevelopment Project, including the payment of principal of, redemption premium of, if any, and interest on the Series 2017D Bonds.

Under the Midtown Redevelopment Plan, Incremental Tax Revenues from the Midtown Redevelopment Area are to be deposited into a special fund for such revenues known as a “Special Allocation Fund.” Incremental Tax Revenues consist of (i) 100% of the Payments in Lieu of Taxes (PILOTS) attributable to the increase in assessed value of taxable real property within the Midtown Redevelopment Area over the year prior to the adoption of such redevelopment project area by ordinance (as described and determined in accordance with Section 99.845, Revised Statutes of Missouri), (ii) subject to annual appropriation by the City, 50% of the increase in certain other tax revenues generated by economic activities within the Midtown Redevelopment Area over the year prior to the adoption of such redevelopment project area by ordinance (as described and determined in accordance with Section 99.845, Revised Statutes of Missouri) (“Economic Activity Taxes” or “EATS”), (iii) Super TIF Revenues which consist of, subject to annual appropriation by the City, the remaining 50% of the increase in certain other tax revenues generated by economic activities within the Midtown Redevelopment Area over the year prior to the adoption of such redevelopment project area by ordinance (as described and determined in accordance with Section 99.845, Revised Statutes of Missouri) which are used to pay redevelopment project costs, and (iv) State TIF Revenues, which are amounts made available to the City through the Missouri Supplemental Tax Increment Financing Program pursuant to Section 99.845, Revised Statutes of Missouri. The Incremental Tax Revenues will be applied to the payment of the hereinafter-defined Midtown Redevelopment Project Bonds (including the Series 2017D Bonds as of the date of this Official Statement) as described under the caption “**Transfer of Funds by the City for the Midtown Redevelopment Project Bonds**” below.

Additional Bonds may be issued under and equally and ratably secured by the Series 2017D Indenture on a parity (except as otherwise provided in the Series 2017D Indenture) with the Series 2017D Bonds, and any other Additional Bonds at any time and from time to time, upon compliance with the conditions set forth in the Series 2017D Indenture. The Series 2017D Bonds, and any Additional Bonds issued under the Series 2017D Indenture on a parity therewith are referred to herein as the “Midtown Redevelopment Project Bonds.”

Transfer of Funds by the City for the Midtown Redevelopment Project Bonds

Midtown Redevelopment Project Bonds. The Series 2017D Indenture establishes a Revenue Fund which the Trustee is to administer as follows:

(a) The City shall transfer, or cause to be transferred all Incremental Tax Revenues to the Trustee for deposit into the Revenue Fund in accordance with the Midtown Cooperative Agreement and the Series 2017D Indenture. All State TIF Revenues shall be deposited to the State Sales Tax Revenue Account, PILOTS and Economic Activity Taxes shall be deposited in the Incremental Tax Revenues Account and all Super TIF Revenues shall be deposited in the Super TIF Account. In addition, all Appropriated Moneys and City Revenues shall be deposited in the City Revenues Account.

(b) On the second Business Day prior to a Payment Date, moneys in the Revenue Fund will be applied by the Trustee for the purposes and in the amounts, as follows:

First, to the Debt Service Fund an amount sufficient to pay the principal of and interest becoming due and payable, whether by stated maturity or mandatory sinking fund redemption, on the respective series of Midtown Redevelopment Project Bonds. Moneys so transferred from the Revenue Fund shall be drawn first from the State Sales Tax Revenues Account, then from the Incremental Tax Revenues Account, then from the Super TIF Revenues Account and finally from the City Revenues Account.

Second, to the Rebate Fund, an amount sufficient to pay rebate, if any, to the United States of America, owed under Section 148 of the Code, as directed in writing by the City in accordance with the Tax Compliance Agreement.

Third, to the Trustee or any paying agent, an amount sufficient for payment of any reasonable fees and expenses which are due and owing to the trustee or any paying agent, upon delivery to the City of an invoice for such amounts, and any surveillance fees of the rating agencies.

Fourth, to the Commission, an amount sufficient to reimburse the Commission for its reasonable administrative and professional service fees, costs and expenses (including staff time) in connection with the performance of its obligations under the Midtown Redevelopment Plan and the Midtown Redevelopment Agreement, upon delivery to the trustee of a written request for such amounts stating that such payment is permitted under the Act.

In addition, in the event that moneys remain in the Revenue Fund on and after each payment date, such moneys may be used for any purposes authorized by the TIF Act, including but not limited to reimburse the City for any portion of the applicable debt service on the Midtown Redevelopment Project Bonds made from moneys other than the Incremental Tax Revenues and Super TIF Revenues.

In addition to the disbursement described above, moneys in the State Sales Tax Revenues Account, the Incremental Tax Revenues Account, the Super TIF Revenues Account and the City Revenues Account shall be disbursed on an annual basis between November 1 and December 1 for such purposes as determined by the Issuer from time to time at the direction of the Issuer after receipt by the Trustee of written disbursement requests by the Issuer.

Upon the payment in full of the principal of and interest on the Midtown Redevelopment Project Bonds (or provision has been made for the payment thereof as specified in the Series 2017D Indenture) and the fees, charges and expenses of the Trustee and any paying agents, and any other amounts required to be paid under the Series 2017D Indenture or the Midtown Cooperative Agreement, all amounts remaining on deposit in the Revenue Fund (other than in the Super TIF Revenues Account, the State TIF Revenues Account or City Revenues Account) shall be deposited into the Special Allocation Fund. Amounts in the State TIF Revenues Account shall be disbursed to the City to fund additional projects under the Midtown Redevelopment Plan, amounts in the Super TIF Revenues Account and the City Revenues Account shall be returned to the City. See **Appendix B** of this Official Statement “**DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS**” and the Series 2017D Indenture.

Historical Midtown Tax Increment Revenues and Debt Service Coverage

Presented in the following table are the historical revenues available for debt service on that portion of the Series 2007A Bonds issued to finance costs of the Midtown Redevelopment Project for the City’s fiscal years 2012 through 2016, the debt service requirements for such bonds, and the coverage

ratios for such years. The financial information included in such table is not necessarily indicative of the financial results to be achieved for future periods.

The Industrial Development Authority of the City of Kansas City, Missouri
Infrastructure Facilities Revenue Bonds
(Uptown Theater and Midtown Redevelopment Project) Series 2007A, 2012-2016
(\$ in thousands)⁽³⁾

Fiscal Year	Midtown Revenues ⁽¹⁾ Available for Debt Service	Midtown Portion Debt Service Requirements ⁽²⁾			
		Principal	Interest	Total	Coverage ⁽²⁾
2012	\$ 5,110	\$ 2,315	\$ 1,562	\$ 3,877	1.32
2013	6,618	2,470	1,463	3,933	1.68
2014	6,563	2,635	1,365	4,000	1.64
2015	7,259	2,825	1,233	4,058	1.79
2016	7,736	3,000	1,120	4,120	1.88

⁽¹⁾ Revenues include PILOTs, EATs, Super TIF Revenues and State TIF Revenues.

⁽²⁾ Debt Service Requirements and coverage ratios for each year reflect debt service on the portion of the outstanding 2007A Bonds that were issued to finance the Midtown Redevelopment Project. Debt service on and revenues from the portion of the Series 2007A Bonds issued to finance costs of the City's Uptown Theater Project are not included in the table. The final maturity of the portion of the Series 2007A Bonds issued to finance such Uptown Theater Project costs is April 1, 2017.

⁽³⁾ Amounts shown are rounded. Totals may not add due to rounding.

Source: City Comprehensive Annual Financial Report, Statistical Section, FY 2016

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DEBT SERVICE SCHEDULES

The following table sets forth for each respective fiscal year the aggregate amount required in such fiscal year for the payment of principal and interest on the Series 2017A Bonds, Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds:

Fiscal Year 30-Apr	Series 2017A Bonds		Series 2017B Bonds		Series 2017C Bonds		Series 2017D Bonds		Total Annual Debt Service *
	Principal	Interest *	Principal	Interest *	Principal	Interest *	Principal	Interest *	
2018	\$ 370,000	\$ 1,399,042	\$ 2,130,000	\$ 922,921	\$ -	\$ 4,226,408	\$ 3,230,000	\$ 847,167	\$ 13,125,538
2019	900,000	1,355,645	2,265,000	791,825	-	4,501,500	3,455,000	667,250	13,936,220
2020	920,000	1,334,746	2,380,000	675,700	-	4,501,500	3,695,000	494,500	14,001,446
2021	945,000	1,310,528	1,965,000	567,075	-	4,501,500	3,020,000	309,750	12,618,853
2022	970,000	1,282,112	1,575,000	478,575	-	4,501,500	3,175,000	158,750	12,140,937
2023	1,005,000	1,249,955	1,650,000	397,950	6,125,000	4,348,375			14,776,280
2024	1,040,000	1,214,606	495,000	344,325	6,675,000	4,028,375			13,797,306
2025	1,075,000	1,175,673	520,000	318,950	7,275,000	3,679,625			14,044,248
2026	1,120,000	1,133,347	550,000	292,200	7,900,000	3,300,250			14,295,797
2027	1,165,000	1,087,864	575,000	264,075	8,575,000	2,888,375			14,555,314
2028	1,215,000	1,039,300	605,000	234,575	9,290,000	2,441,750			14,825,625
2029	1,270,000	987,032	635,000	203,575	10,050,000	1,958,250			15,103,857
2030	1,320,000	930,616	670,000	170,950	10,855,000	1,435,625			15,382,191
2031	1,380,000	870,121	700,000	136,700	11,700,000	871,750			15,658,571
2032	1,445,000	805,412	740,000	100,700	5,715,000	436,375			9,242,487
2033	8,335,000	574,838	360,000	73,200	5,870,000	146,750			15,359,788
2034	910,000	354,647	375,000	56,700					1,696,347
2035	955,000	307,369	395,000	41,300					1,698,669
2036	1,005,000	257,683	410,000	25,200					1,697,883
2037	1,060,000	205,335	425,000	8,500					1,698,835
2038	1,115,000	150,199							1,265,199
2039	1,170,000	92,274							1,262,274
2040	1,235,000	31,307							1,266,307
Total	\$ 31,925,000	\$ 19,149,649	\$ 19,420,000	\$ 6,104,996	\$ 90,030,000	\$ 47,767,908	\$ 16,575,000	\$ 2,477,417	\$ 233,449,970

*Preliminary, subject to change; calculated using estimated interest rate and preliminary principal amounts.

Amounts shown rounded to the nearest dollar. Totals may not add due to rounding to the nearest dollar.

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THE CITY

The City was incorporated on June 3, 1850. The City is the central city of a 14-county Metropolitan Statistical Area (“MSA”), which includes Bates, Caldwell, Cass, Clay, Jackson, Platte, Clinton, Lafayette and Ray counties in the State of Missouri and Johnson, Leavenworth, Linn, Miami and Wyandotte counties in the State of Kansas. The City is situated at the confluence of the Kansas and Missouri rivers on Interstate Highways I-29, I-35, I-49 and I-70. The City’s Department of City Planning and Development estimates that the City’s 2016 population is 477,146 and that the population of the Kansas City MSA is 2,101,758. See “**APPENDIX C: INFORMATION CONCERNING THE CITY OF KANSAS CITY, MISSOURI**” for further information.

The Series 2017 Bonds are not a general obligation of the City and are payable solely from the sources described in this Official Statement. The information regarding the City contained in Appendix C should not be construed as an indication that the Series 2017 Bonds are payable from any source other than such revenues as described in this Official Statement. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS” in this Official Statement.

Anticipated Future Financings

The City anticipates issuing its special obligation bonds within the next year to finance the following projects: \$35,000,000 to provide funds for a portion of the cost of a downtown convention center hotel, additional improvements to the 18th and Vine District in the approximate amount of \$20 million, improvements to the kitchen facilities at Bartle Hall in the approximate amount of \$2 million, LED streetlight upgrades in the approximate amount of \$6 million and a new fire station in the amount of \$6 million. In addition, the City anticipates that within the next year it may enter into certain agreements that will result in obligations secured, in part, by the City’s annual appropriation pledge, including capital leases for fleet replacement in the approximate amount of \$5.2 million, municipal court improvements in the approximate amount of \$1.1 million and acquisition of a streetcar in the approximate amount of \$5 million, among others.

Available Information

Certain additional information regarding the City is also available at the City’s Investor Relations website: <http://kcmo.gov/finance/investor-relations>. In addition, the City Finance Department’s Financial Reporting Section prepares monthly financial statements, which include unaudited financial summaries of the revenue and expenditure activities of the City for each month on a cash basis. The most recent unaudited monthly financial reports are available at: <http://kcmo.gov/finance/monthly-financial-reports>. The financial information included in **Appendix C** and in such monthly financial reports is not necessarily indicative of the financial results to be achieved for future periods. The information on the City’s Investor Relations website and financial reports is not incorporated into this Official Statement.

Retirement Benefits and Other Post-Employment Benefits

General. The information included in this section and the materials referenced herein rely on information produced by the pension plans described below and their independent accountants and actuaries. Actuarial assessments are “forward-looking” analyses that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may prove to be inaccurate or may be changed in the future, and will change with the future experience of the particular pension plan. The City has not independently verified the source information, and makes no representations nor expresses any opinion as to the accuracy of the source information.

Substantially all City employees and elected officials of the City, as well as employees of the Police Department, are covered by one of four contributory defined benefit retirement plans: Employees' Retirement System, Firefighters' Pension System, Police Retirement System and Civilian Employees' Retirement System. Information relating to the City's overall pension and other post-employment benefit ("OPEB") obligations and the funded status of such obligations is contained in the notes to the City's Comprehensive Annual Financial Report ("CAFR") for its fiscal year ended April 30, 2016, in particular Note 10 and Note 11 in the Notes to Basic Financial Statements on pages A-128 to A-165 of the CAFR, the Required Supplementary Information on pages A-182 to A-203 of the CAFR and Table 7 on pages C-8 through C-11 in the statistical section of the CAFR, available from the City's website at: <http://kcmo.gov/finance/investor-relations>.

The four retirement plans adopted the provisions of Governmental Accounting Standards Board Statement No. 67 - *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* (GASB Statement No. 67) for their stand-alone financial reports for the fiscal year ended April 30, 2015. The City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB Statement No. 68) for its CAFR for the fiscal year ended April 30, 2016. Information regarding the adoption of GASB Statement No. 68 by the City may be found Note 10 in the Notes to Basic Financial Statements on pages A-128 to A-157 of the CAFR and the Required Supplementary Information on pages A-182 to A-202 of the CAFR. While such information is contained in the City's CAFR, the Series 2017 Bonds are special, limited obligations of the City, and are not general obligations of the City, as set forth in this Official Statement under the caption "**SECURITY AND SOURCES OF PAYMENTS FOR THE SERIES 2017 BONDS.**"

Although determinations are not made of the actuarial status of the City's pension and OPEB obligations with respect to the various City departments and the enterprise funds they maintain, the City has historically allocated its pension and OPEB obligations, both accrued and current, to the individual departments and enterprise funds. The City does not have a written policy on the method for allocation of pension and OPEB obligations to a particular fund; historically this allocation has been based on the budgetary basis pension expense for the year and the method of allocation could change in the future.

For general information relating to the City's overall pension and OPEB obligations, see the information under "Employee Retirement and Pension Plans" in **Appendix C**.

Historical funding progress for each of the pension systems, including actuarial value of assets and actuarial accrued liabilities, is set forth under "Employee Retirement and Pension Plans" in **Appendix C** (such information, together with Note 10 in the Notes to Basic Financial Statements on pages A-128 to A-157 of the CAFR, the Required Supplementary Information on pages A-182 to A-202 of the CAFR, Table 7 on pages C-8 through C-11 in the statistical section of the CAFR and Note 10 to the Financial Statements included as **Appendix A**, are collectively referred to as the "Employee Retirement and Pension Plan Disclosure").

The actuarial valuations performed as of April 30, 2016 and May 1, 2016 will be used in developing the budget for the year ending April 30, 2018. Actuarial valuations for the plans may be obtained by contacting the boards at the address set forth below.

Plan design changes for the police and police civilian pension plans were approved by the Missouri General Assembly and the Governor in August 2013 and were implemented on September 1, 2013. Plan design changes for the employees' and firefighters' pension plans have been approved by affected labor unions and were approved by the City Council on February 20, 2014. The plan design changes for all four pension plans include a requirement that the City fully fund the Actuarial Required Contribution (changed in Fiscal Year 2015 to Actuarially Determined Contribution ("ADC")). Other

changes include a Tier 2 benefit plan for new employees and increased contributions from all employees. The Fiscal Year 2016-2017 adopted budget reflects full funding of the City's pension obligation to all four plans.

The retirement plans identified above are administered by third party boards. The boards issue publicly available financial reports that include financial statements and required supplementary information. The auditors of such financial statements have not been asked to perform any additional work or any post-audit procedures more recently than the dates of such reports. Actuarial valuations for the plans and the financial reports may be obtained by contacting: Employees' Retirement System or Firefighters' Pension System, The Retirement Division, City Hall-10th Floor, 414 East 12th Street, Kansas City, MO 64106, 816-513-1928 and for the Police Retirement System or Civilian Employees' Retirement System, The Retirement Board of the Police Retirement System of Kansas City, Missouri, 9701 Marion Park Drive, Kansas City, Missouri 64137, 816-482-8138.

Investments. The plans invest in various investment securities. Investment securities are exposed to certain risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of plan net assets. Given the volatility of economic conditions, the values of assets reflected in the financial reports could change rapidly, resulting in material future adjustments in investment values that could negatively impact the plans. Each plan has a written and adopted investment policy that speaks to the investment of the plan assets. Such investment policies can be changed at the discretion of the respective board. Current investment policies can be obtained by contacting the applicable board at the respective addresses shown in the immediately preceding paragraph.

The unaudited financial reports presented to the board for the Employees' Retirement System state that the plan's investments, on an accrual basis, increased by \$8,492,692 or 0.83% from \$1,024,331,705 to \$1,032,824,397 during the two fiscal quarters ended October 31, 2016. The unaudited financial reports presented to the board for the Firefighters' Pension System state that the plan's investments, on an accrual basis, increased by \$8,432,124 or 1.81% from \$465,026,397 to \$473,458,521 during the two fiscal quarters ended October 31, 2016. The unaudited financial reports presented to the board for the Police Retirement System of Kansas City state that the plan's investments, on an accrual basis, increased by \$16,640,302 or 2.16% from \$770,246,435 to \$786,886,737 during the six-month period ended October 31, 2016. The unaudited financial reports presented to the board for the Civilian Employees' Retirement System of the Police Department of Kansas City Pension System state that the plan's investments, on an accrual basis, increased by \$3,023,438 or 2.48% from \$121,998,065 to \$125,021,503 during the six-month period ended October 31, 2016.

Organized Labor Efforts

Certain employees of the City are represented by collective bargaining units. Labor disputes with these collective bargaining units could result in adverse labor actions or increased labor costs. In September 2016, the City entered into a new labor agreement with Local 500 which represents approximately 24.4% of City employees.

The new agreement requires retroactive pay increases back to May 1, 2016, and runs through April 30, 2020. The first year of the agreement called for annual pay rate increases of approximately 3.75%. Each subsequent year of the agreement calls for annual pay rate increases of approximately 2% through April 30, 2020. At this time, the City believes there is a low risk of adverse labor actions.

BONDOWNERS' RISKS

The following is a discussion of certain risks that could affect payments to be made with respect to the Series 2017 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 2017 Bonds should analyze carefully the information contained in this Official Statement, including the appendices hereto, and additional information in the form of the complete documents summarized herein and in the appendices hereto, copies of which are available as described herein.

Nature of the Obligations

The Series 2017 Bonds of each series and the interest thereon are special, limited obligations of the City and the Series 2017 Bonds are payable solely from and secured by certain funds appropriated by the City and other moneys on deposit under the applicable indenture. The Series 2017C Bonds are also payable from certain DESA Revenues, which are subject to appropriation by the State. The Series 2017D Bonds are also payable from, and secured by a pledge of, Incremental Tax Revenues relating to the Midtown Redevelopment Project, consisting of the PILOTS which are not subject to appropriation under the TIF Act (although City policy requires such appropriation), and the EATS and Super TIF Revenues which are subject to appropriation. The Series 2017 Bonds do not constitute a general obligation of the City and do not constitute an indebtedness of the City, the State or any political subdivision of the State within the meaning of any constitutional or statutory provision or limitation. Neither the City, the State, nor any political subdivision of the State is obligated to levy any tax or to make any appropriation for the payment of the Series 2017 Bonds.

Non-Appropriation

The application of Appropriated Moneys, City Revenues, EATS and Super TIF Revenues to the payment of the principal of and interest on the Series 2017 Bonds of each series is subject to annual appropriation by the City. Although the City has covenanted in each indenture for the Series 2017 Bonds of the applicable series that the appropriation of the Appropriated Moneys, City Revenues, EATS or Super TIF, as applicable, will 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 make any such appropriation.

Factors which may affect the willingness of the City Council to appropriate the principal of and interest on the Series 2017 Bonds include, but are not limited to, the sufficiency of legally available funds of the City to make such payments and other needs of the City with respect to the use of such funds for its governmental purposes.

In considering the payments of principal of and interest on the Series 2017 Bonds, the annual appropriation nature of such payments impacts their value as security for the Series 2017 Bonds. If the City fails to appropriate funds for the payment of the principal of and interest on the Series 2017 Bonds for any reason, those funds will not be available for payment of the Series 2017 Bonds. The failure of the City to appropriate funds for the payment of the principal of and interest on the Series 2017 Bonds is not an Event of Default under an indenture and there is no available legal remedy to compel such appropriation. Without the appropriated funds, the City would be unable to pay debt service on the Series 2017 Bonds. Further, although the TIF Act does not require appropriation of PILOTS for the payment of debt service on the Series 2017D Bonds, City policy does require appropriation of PILOTS for such purpose.

Limitation on Imposition of Earnings Tax

In November 2010, Missouri voters approved an initiative petition that, after December 31, 2011:

- repealed the authority of certain cities to use earnings taxes to fund their budgets;
- required voters in constitutional charter cities that had an earnings tax on November 2, 2010 (Kansas City and St. Louis) to approve continuation of the tax for a period of five years at the next general municipal election;
- requires an election every five years thereafter to continue the earnings tax;
- requires any current earnings tax that is not approved by the voters at each five-year election to be phased out over a period of 10 years; and
- prohibits any city from adding a new earnings tax to fund their budget.

At an election held on April 5, 2011, voters approved continuation of the City's one percent earnings tax through 2016 with 78% of voters in favor. At an election held on April 5, 2016, voters approved continuation of the City's one percent earnings tax through 2021 with 77% of voters in favor. The City will hold an election every five years thereafter to affirm the retention of the City earnings tax. The City cannot predict whether City voters will elect to retain the earnings tax at any future five-year election or if future legislation may affect the City's ability to collect the earnings tax. The next election will be held in 2021.

For the City's fiscal year ended April 30, 2016, the City received gross earnings tax revenues of approximately \$235 million. If City voters vote not to retain the earnings tax at any future five-year election, beginning on January 1 of the calendar year following the election, the City would be required to reduce the earnings tax by 10% of the original earnings tax every year for 10 years until the tax is completely phased out.

Any future phase-out of the City's earnings tax would have a material adverse effect on the City's revenues to support general operations and could adversely affect its ability to pay debt service. There can be no assurance that the City would be able to fully mitigate the impact of the annual reductions in revenues if the earnings tax is phased out.

Risk of Non-Appropriation of the DESA Revenues by the State

DESA Revenues are subject to annual appropriation by the Missouri General Assembly and approval by the Governor of Missouri. There can be no assurance that the State appropriation will be made. If the amount of DESA Revenues is less than anticipated or if the DESA Revenues are not appropriated for debt service payments on the Series 2017C Bonds, the City may have to appropriate additional moneys to make up such deficiency. There can be no assurance that any such appropriation will be made.

Future Taxpayer and Legislative Challenges

Individual taxpayers and taxpayer advocacy groups have previously filed petitions and protests placing restrictions on the City's ability to levy, impose and collect certain types of taxes and may, from time to time, submit challenges in the future, including filing lawsuits. In addition, from time to time, bills have been introduced in the Missouri Legislature that, if enacted and signed into law, would prohibit or place restrictions on the City's ability to levy, impose and collect certain types of taxes, fines or

assessments and to apply the revenue from such taxes, fines or assessments. The City cannot predict whether any future taxpayer challenge will be successful or whether any legislative proposal will be enacted and how, if successful or enacted, they would impact the ability of the City to impose and collect taxes, fines or assessments and if such impact would have a material adverse effect on the City's revenue to support general operations or could adversely affect its ability to pay debt service.

No Mortgage

Payment of the principal of and interest on the Series 2017 Bonds is not secured by any deed of trust, mortgage or other lien on the projects financed or refinanced with the proceeds of the Series 2017 Bonds, any property of the City, or by any pledge of the revenues from the operations of the projects financed or refinanced with the proceeds of the Series 2017 Bonds or the City's enterprise systems.

No Debt Service Reserve for the Series 2017 Bonds

None of the Series 2017 Bonds are secured by a debt service reserve fund. See "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.**"

Marketability

No assurance can be given that a secondary market for the Series 2017 Bonds will develop following the completion of the offering of the Series 2017 Bonds. The Series 2017 Bonds may not be readily liquid, and no person should invest in the Series 2017 Bonds with funds such person may need to convert readily into cash. Bondowners should be prepared to hold their Series 2017 Bonds to the stated maturity date. The Underwriters will not be obligated to repurchase any of the Series 2017 Bonds, and no representation is made concerning the existence of any secondary market for the Series 2017 Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Series 2017 Bonds and no assurance can be given that the initial offering price for the Series 2017 Bonds will continue for any period of time.

Limitations on Remedies

The remedies available upon a default under each indenture and other legal documents relating to the Series 2017 Bonds will, in many respects, be dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory laws and judicial decisions, including the United States Bankruptcy Code, the remedies specified in the indenture for a series and other legal documents may not be readily available or may be limited. The various legal opinions to be delivered in connection with the issuance of the Series 2017 Bonds of a series will be expressly subject to the qualification that the enforceability of the indenture and other legal documents is limited by bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting the rights of creditors generally and by the exercise of judicial discretion in appropriate cases.

Early Redemption of the Series 2017 Bonds

Each indenture provides that the Series 2017 Bonds are subject to redemption as set forth under the caption "**THE SERIES 2017 BONDS – Redemption**" in this Official Statement. Purchasers of the Series 2017 Bonds should bear in mind that such redemption could affect the price of the Series 2017 Bonds in the secondary market.

Risk of Taxability

For information with respect to events occurring subsequent to issuance of the Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds that may require that interest on such Series 2017 Bonds be included in gross income for purposes of federal income taxation, see “**TAX MATTERS**” in this Official Statement.

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. Co-Bond Counsel cannot predict whether the Service will commence an audit of the Series 2017 Bonds. Owners of the Series 2017 Bonds are advised that, if the Service does audit such Series 2017 Bonds, under current Service procedures, at least during the early stages of an audit, the Service will treat the City as the taxpayer, and the owners of such Series 2017 Bonds may have limited rights to participate in the audit. Public awareness of any audit could adversely affect the market value and liquidity of Series 2017 Bonds during the pendency of the audit, regardless of the ultimate outcome thereof.

City Sewer Overflow Control Plan

In 2003, the City Council directed the City Manager to prepare a long range plan to manage wet weather flow in both the separate and combined sewer systems within the City. In response, Kansas City Water Services Department prepared a long term control plan, commonly referred to as the Overflow Control Plan (hereinafter the “Plan”). Creation of the Plan was driven by requirements of the federal Clean Water Act and by policies of the United States Environmental Protection Agency (EPA) and Missouri Department of Natural Resources (MDNR) related to sewer infrastructure. The Plan is designed to implement remedial system changes designed to prevent as much stormwater as practicable from entering the combined sewer system and separate sewer system to reduce sewer overflows and provide a platform to facilitate implementation of a comprehensive green solutions initiative in the City.

The City’s Plan was developed to meet regulatory requirements related to reducing wet-weather overflows from the combined sewer system and preventing overflows from the separate sewer system. In 2010, the City and its regulatory partners agreed to meet those objectives over a 25-year time period by completing a planned list of improvements targeted at capturing for treatment 88 percent of combined sewer flows and eliminating sanitary sewer overflows during a five-year, twenty-four hour rainfall event. On September 27, 2010, individual elements of the City’s Plan were incorporated into a Consent Decree (the “Consent Decree”) in United States District Court for the Western District of Missouri (the “Court”). Pursuant to the terms of the Consent Decree, the City has implemented a schedule of remedial measures in an effort to eliminate sewer overflows to receiving waters. To date, the City has fulfilled all requirements set forth in the Consent Decree.

The Plan represents a massive public works investment in Kansas City spanning a singular generation. Understanding this, the City and its regulatory partners agreed to include language in the Consent Decree that provides for appropriate modification of its terms and schedules. Beginning in late 2012, the City engaged EPA in an effort to re-sequence specific components of the control measure implementation schedule to defer very substantial, and potentially unnecessary, capital investment by the City while requiring the City to expedite implementation of other components required by the Consent Decree. The EPA approved these changes in the fall of 2014. The First Amendment to Consent Decree was entered by the Court on January 9, 2015.

The City has issued a new (second) request for certain control measure schedule amendments. That request was delivered to EPA on November 14, 2016. The request is pending. Given the duration of the implementation timeframe, a need for additional modification(s) may arise from time to time.

The current estimated capital cost of this control plan is approximately \$4.5 billion, including estimated inflation at the end of the 25-year timeframe. In addition, there is expected to be a \$72 million increase in annual expenditures for operation and maintenance. It is anticipated that this Plan will be funded primarily from the City's sewer fund, which is separate from the general fund. The City does not anticipate that the City's general fund will be relied upon to assist in the financing of the Plan. As implementation of the Plan continues, specific financing strategies to offset the cost will be evaluated and implemented, which could include appropriation of moneys from the City's general fund.

The Overflow Control Program contains some 109 overflow control measure projects to be implemented over the 25-year implementation period. The program is currently on schedule and on budget with the Water Services Department having completed 11 projects and currently implementing 36 projects.

The Consent Decree can be found at:
<https://www.kcwaterservices.org/wp-content/uploads/2013/04/Consent-Decree.pdf>.

Future Legislation

Congress may from time to time consider legislative proposals which, if enacted, would limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. Future legislative proposals could prevent investors from realizing the full current benefit of the tax-exemption on interest and may affect the market value of the Series 2017 Bonds. The City cannot predict whether such future legislative proposals will be enacted and how they will impact the excludability of the interest on the Series 2017 Bonds for federal income tax purposes. Prospective purchasers of the Series 2017 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Co-Bond Counsel expresses no opinion.

LITIGATION

As of the date hereof, there is no litigation, controversy or other proceeding of any kind pending or, to the City's knowledge, threatened in which any matter is raised or may be raised questioning, disputing, challenging or affecting in any way the legal organization of the City or its boundaries, the right or title of any of the City's officers to their respective offices, the constitutionality or validity of the Series 2017 Bonds, the legality of any official act taken in connection with the execution and delivery of any Indenture for the Series 2017 Bonds or the legality of any of the proceedings had or documents entered into in connection with the authorization, execution and delivery of each indenture for the Series 2017 Bonds or the issuance of the Series 2017 Bonds.

Although the City is subject from time to time to pending or threatened litigation or administrative proceedings (including but not limited to a judgment rendered against the City on February 28, 2017, by a district court in litigation over the City's trash rebate program with potential liability in excess of \$10,000,000), the final settlement thereof is not expected to materially adversely affect the payment of the Series 2017 Bonds. The City is not involved in any litigation that might affect the City's ability to meet its obligations to pay the principal of and interest on the Series 2017 Bonds.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series 2017 Bonds by the City are subject to the approving legal opinion of Kutak Rock LLP and Hardwick Law Firm, LLC, Kansas City, Missouri, Co-Bond Counsel, whose approving opinion will be delivered with the Series 2017 Bonds. A copy of the proposed form of such opinion is attached as **Appendix D** to this Official Statement. Co-Bond Counsel express no opinion as to the accuracy or sufficiency of any information contained in this Official Statement or any of the appendices to this Official Statement except for the matters appearing in the sections of this Official Statement captioned “**INTRODUCTION – the Series 2017 Bonds,**” “**THE SERIES 2017 BONDS**”, “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS**” and “**TAX MATTERS**” and the matters appearing in **Appendix B** and **Appendix D** to this Official Statement. Certain legal matters will be passed upon for (i) the City by the Office of the City Attorney and (ii) the Underwriters by Bryan Cave LLP, Kansas City, Missouri. Certain disclosure matters will be passed upon for the City by its co-disclosure counsel, Kutak Rock LLP, Kansas City, Missouri and Hardwick Law Firm, LLC, Kansas City, Missouri.

The legal opinions to be delivered concurrently with the delivery of the Series 2017 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 transactions opined upon or of the future performance of parties to such transaction, and the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds - In General

In the opinion of Kutak Rock LLP and Hardwick Law Firm, LLC, Co-Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2017B Bonds, the Series 2017C Bonds and the Series 2017D Bonds (collectively, the “Series 2017 Tax-Exempt Bonds”) is excludable from gross income for federal and Missouri income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code (the “Code”) that must be met subsequent to the issuance of the Series 2017 Tax-Exempt Bonds. Failure to comply with such requirements could cause interest on the Series 2017 Tax-Exempt Bonds to be included in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Series 2017 Tax-Exempt Bonds. The City has covenanted to comply with such requirements.

Notwithstanding Co-Bond Counsel’s opinion that interest on the Series 2017 Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation’s adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

Except as stated above, Co-Bond Counsel has expressed no opinion as to any federal, state or local tax consequences arising with respect to the Series 2017 Tax-Exempt Bonds.

The accrual or receipt of interest on the Series 2017 Tax-Exempt Bonds may otherwise affect the federal (and, in some cases, state and local) income tax liability of the owners of the Series 2017 Tax-Exempt Bonds. The extent of these other tax consequences will depend upon such owner’s particular tax

status and other items of income or deduction. Co-Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2017 Tax-Exempt Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2017 Tax-Exempt Bonds.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2017 Tax-Exempt Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007, to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. This reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2017 Tax-Exempt Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Original Issue Discount

Series 2017 Tax-Exempt Bonds sold at an initial public offering price that is less than the stated amount to be paid at maturity constitute "Discount Bonds." The difference between the initial public offering prices, as set forth on the inside front cover page of this Official Statement, of such Discount Bonds and their stated amounts to be paid at maturity, constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Original Issue Premium

Series 2017 Tax-Exempt Bonds sold at an initial public offering price that is greater than the stated amount to be paid at maturity constitute “Premium Bonds.” An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to the call premium). As premium is amortized, the amount of amortization offsets a corresponding amount of interest for the period and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Series 2017A Bonds - In General

Bond Counsel is also of the opinion that interest on the Series 2017A Bonds is included in gross income for federal income tax purposes.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Series 2017A Bonds under the Code and the Regulations, and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws.

Potential purchasers of the Series 2017A Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2017A Bonds.

In general, interest paid on the Series 2017A Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the Series 2017A Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital.

Bond Premium

An investor that acquires a Series 2017A Bond for a cost greater than its remaining stated redemption price at maturity and holds such bond as a capital asset will be considered to have purchased such bond at a premium and, subject to prior election permitted by Section 171(c) of the Code, may generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Bond premium is generally amortized over

the bond's term using constant yield principles, based on the purchaser's yield to maturity. Investors of any Series 2017A Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

Market Discount

An investor that acquires a Series 2017A Bond for a price less than the adjusted issue price of such bond (or an investor who purchases a Series 2017A Bond in the initial offering at a price less than the issue price) may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (a) in the case of a Series 2017A Bond originally issued at a discount, the amount by which the issue price of such bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a Series 2017A Bond not originally issued at a discount, the amount by which the stated redemption price of such bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Series 2017A Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a bond or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a Series 2017A Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Series 2017A Bond that acquired such bond at a market discount also may be required to defer, until the maturity date of such bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2017A Bond for the days during the taxable year on which the owner held such bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2017A Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Treasury regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Unearned Income Medicare Contribution Tax

Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the Series 2017A Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the Series 2017A Bonds and to gain on the sale of a Series 2017A Bond.

Sales or Other Dispositions

If the owner of a Series 2017A Bond sells the bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner's basis in such bond. Ordinarily, such gain or loss will be treated as a capital gain or loss.

If the terms of a Series 2017A Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a Series 2017A Bond should consult its own tax advisor concerning the circumstances in which such bond would be deemed reissued and the likely effects, if any, of such reissuance.

Defeasance

The legal defeasance of the Series 2017A Bonds may result in a deemed sale or exchange of such bonds under certain circumstances. Owners of such Series 2017A Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding

An owner of a Series 2017A Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Series 2017A Bonds, if such owner, upon issuance of the Series 2017A Bonds, fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Foreign Investors

An owner of a Series 2017A Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Series 2017A Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Series 2017A Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term "United States person" means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America

is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30% United States withholding tax will apply to interest paid and original issue discount accruing on Series 2017A Bonds owned by foreign investors. In those instances in which payments of interest on the Series 2017A Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Series 2017A Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Series 2017A Bond.

Tax-Exempt Investors

In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a Series 2017A Bond incurs acquisition indebtedness with respect to such bond, interest paid or accrued with respect to such owner may be excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a Series 2017A Bond is urged to consult its own tax advisor regarding the application of these provisions.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Series 2017A Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the Series 2017A Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Issuer or any dealer of the Series 2017A Bonds might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code, with respect to an

ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the Series 2017A Bonds are acquired by such plans or arrangements with respect to which the Issuer or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Series 2017A Bonds. The sale of the Series 2017A Bonds to a plan is in no respect a representation by the Issuer or the Underwriter that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the Series 2017A Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

Changes in Federal Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2017 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2017 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2017 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2017 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2017 Bonds and Co-Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

FINANCIAL STATEMENTS AND FINANCIAL INFORMATION

The City maintains its financial records on the basis of a fiscal year ending April 30. Set forth in **Appendix A** are the Financial Section and the Required Supplementary Information sections of the financial statements of the City for the fiscal year ended April 30, 2016. Such financial statements have been audited by BKD, LLP, Kansas City, Missouri, independent certified public accountants. The City did not ask BKD, LLP, to perform any additional work or any post-audit procedures more recently than the April 30, 2016, audit with respect thereto. The financial information included in **Appendix A** is not necessarily indicative of the financial results to be achieved for future periods.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the owners of the Series 2017 Bonds to send annual reports, consisting of certain financial information and operating data, and notice of certain events, to the Municipal Securities Rulemaking Board (“MSRB”), pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12, as amended (the “Rule”). See **Appendix E** to this Official Statement for the form of Continuing Disclosure Undertaking. A failure by the City to comply with such undertaking will not constitute a default on the Series 2017 Bonds. Nevertheless, a failure to provide annual reports must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2017

Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2017 Bonds and their market price.

The City has previously entered into continuing disclosure undertakings under the Rule with respect to certain of its other bond issues, pursuant to which the City annually files the requisite audited financial statements and certain other information with the MSRB through its Electronic Municipal Market Access (“EMMA”) system. To the best of its knowledge, the City has materially complied with its prior undertakings entered into pursuant to the Rule for the past five years.

CERTAIN RELATIONSHIPS

Kutak Rock LLP serves as co-bond counsel and co-disclosure counsel in this transaction and also represents the Underwriters and the City from time to time in other transactions.

Hardwick Law Firm, LLC serves as co-bond counsel and co-disclosure counsel in this transaction and also represents the Underwriters and the City from time to time in other transactions.

Bryan Cave LLP serves as counsel to the Underwriters in this transaction. That firm also represents the City from time to time in other transactions.

UNDERWRITING

The Series 2017 Bonds are being purchased from the City pursuant to a single Bond Purchase Agreement between the City and J.P. Morgan Securities LLC, on behalf of itself and George K. Baum and Company, Fifth Third Securities Inc., Valdés & Moreno, Inc. and Loop Capital Markets as Underwriters (the “Bond Purchase Agreement”).

The Bond Purchase Agreement provides that the Series 2017A Bonds shall be purchased by the Underwriters for a purchase price of \$_____ (which is equal to the aggregate principal amount of the Series 2017A Bonds of \$31,925,000.00*, less an Underwriters’ discount of \$_____).

The Bond Purchase Agreement provides that the Series 2017B Bonds shall be purchased by the Underwriters for a purchase price of \$_____ (which is equal to the aggregate principal amount of the Series 2017B Bonds of \$19,420,000.00*, plus reoffering premium of \$_____, less original issue discount of \$_____ and less an Underwriters’ discount of \$_____).

The Bond Purchase Agreement provides that the Series 2017C Bonds shall be purchased by the Underwriters for a purchase price of \$_____ (which is equal to the aggregate principal amount of the Series 2017C Bonds of \$90,030,000.00*, plus reoffering premium of \$_____, less original issue discount of \$_____ and less an Underwriters’ discount of \$_____).

The Bond Purchase Agreement provides that the Series 2017D Bonds shall be purchased by the Underwriters for a purchase price of \$_____ (which is equal to the aggregate principal amount of the Series 2017D Bonds of \$16,575,000.00*, plus reoffering premium of \$_____ and less an Underwriters’ discount of \$_____).

The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2017 Bonds if any are purchased. The Bond Purchase Agreement also provides that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase

* Preliminary, subject to change

Agreement, the approval of certain legal matters by counsel and certain other conditions. To the extent allowed by law and subject to appropriation by the City Council, the City has agreed in the Bond Purchase Agreement to indemnify the Underwriters for certain liabilities, including certain liabilities under federal and state securities laws.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Series 2017 Bonds, has entered into negotiated dealer agreements (for purposes of this paragraph only, each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2017 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Loop Capital Markets LLC, one of the Underwriters of the Series 2017 Bonds, has entered into a distribution agreement with UBS Financial Services Inc. (“UBSFS”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the distribution agreement, UBSFS will purchase such Bonds from Loop Capital Markets LLC at the original issue prices less a negotiated portion of the selling concession applicable to any Bonds that the firm sells.

The Underwriters may offer and sell the Series 2017 Bonds to certain dealers, including dealers depositing Series 2017 Bonds into investment trusts and others at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Underwriters.

Certain of the Underwriters and their respective affiliates together comprise full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Such activities may involve or relate to assets, securities and/or instruments of the City (whether directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with (or that are otherwise involved with transactions by) the City. Certain of the Underwriters and their respective affiliates may have, from time to time, engaged, and may in the future engage, in transactions with, and performed and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses. Under certain circumstances, certain of the Underwriters and their respective affiliates may have certain creditor and/or other rights against the City and any affiliates or agencies thereof in connection with such transactions and/or services. In addition, certain of the Underwriters and their respective affiliates may currently have and may in the future have investment and commercial banking, trust and other relationships with parties that may relate to assets of, or be involved in the issuance of securities and/or instruments by, the City and any affiliates or agencies thereof. The Underwriters and their respective affiliates also may communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

CO-FINANCIAL ADVISORS

FirstSouthwest, a Division of Hilltop Securities, Inc., and Moody Reid were retained by the City to act as Co-Financial Advisors in connection with this financing. The fees paid to the Co-Financial Advisors with respect to the sale of the Series 2017 Bonds are contingent upon the issuance and delivery of the Series 2017 Bonds. The Co-Financial Advisors have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but

the Co-Financial Advisors do not guarantee the accuracy or completeness of such information. The Co-Financial Advisors will not participate in the underwriting of the Series 2017 Bonds.

BOND RATINGS

Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a division of McGraw-Hill Financial, Inc. have assigned their long-term municipal bond ratings of "A1" and "AA-" respectively, to the Series 2017 Bonds based on the City's covenant to request an annual appropriation to pay debt service on the Series 2017 Bonds.

Any explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. Certain information and materials not included in this Official Statement were furnished to the rating agencies concerning the Series 2017 Bonds. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. There is no assurance that the ratings mentioned above will remain for any given period of time or that any or all of them might not be lowered or withdrawn entirely by any rating agency, if in its judgment circumstances so warrant. The Underwriters have no responsibility to bring to the attention of the Bondholders any proposed revision or withdrawal of the ratings on such Series 2017 Bonds. Any such downward change in or withdrawal of any or all of such ratings might have an adverse effect on the market price for and marketability of the Series 2017 Bonds.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision and withdrawal at any time.

MISCELLANEOUS

The references herein to the Series 2017A and B Indenture, the Series 2017C Indenture, the Series 2017D Indenture and the Continuing Disclosure Undertaking are brief outlines of certain provisions of such documents and do not purport to be complete. Copies of such documents are on file at the offices of the Underwriters (see the section herein captioned "**INTRODUCTION - Definitions and Summaries of Documents**") and following delivery of the Series 2017 Bonds will be on file at the office of the applicable trustee for the Series 2017 Bonds of a series.

The cover page and the attached Appendices are integral parts of this Official Statement and must be read together with all of the foregoing statements.

Except for the information expressly attributed to other sources, all information in this Official Statement has been provided by the City. The presentation of information in this Official Statement, including any tables or receipts of various taxes, is intended to show recent historic information, but is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience as might be shown by such financial or other information will necessarily continue or be repeated in the future. The Appendices to this Official Statement contain selected financial data relating to the City and are integral parts of this document, to be read in their entirety. Information set forth in this Official Statement has been furnished or reviewed by certain officials of the City and other sources, as referred to herein, which are believed to be reliable. Any statements made in this Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or projections will be realized. The descriptions contained in this Official Statement of the Series 2017 Bonds, the Series 2017A and B Indenture, the Series 2017C Indenture and the Series 2017D Indenture do not purport to be complete and reference is made to such documents for full and complete statements of their respective provisions.

Simultaneously with the delivery of the Series 2017 Bonds, the Director of Finance of the City, acting on behalf of the City, will furnish to the Underwriters a certificate which will state, among other things, that to the best knowledge and belief of such officer, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Series 2017 Bonds does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstance under which they were made, not misleading in any material respect.

The form of this Official Statement, and its distribution and use by the Underwriters, has been approved by the City. Neither the City nor any of its officers, directors or employees, in either their official or personal capacities has made any warranties, representations or guarantees regarding the financial condition of the City or the City's ability to make payments required of it; and further, neither the City nor its officers, directors or employees assumes any duties, responsibilities or obligations in relation to the issuance of the Series 2017 Bonds other than those either expressly or by fair implication imposed on the City by the Ordinance and the Series 2017A and B Indenture, the Series 2017C Indenture and the Series 2017D Indenture.

This Official Statement is not to be construed as a contract or agreement between the City and purchasers or Owners of any of the Series 2017 Bonds.

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The City has reviewed the information contained herein which relates to it and has approved all such information for use in this Official Statement.

CITY OF KANSAS CITY, MISSOURI

By: _____
Randall J. Landes
Director of Finance

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APPENDIX A

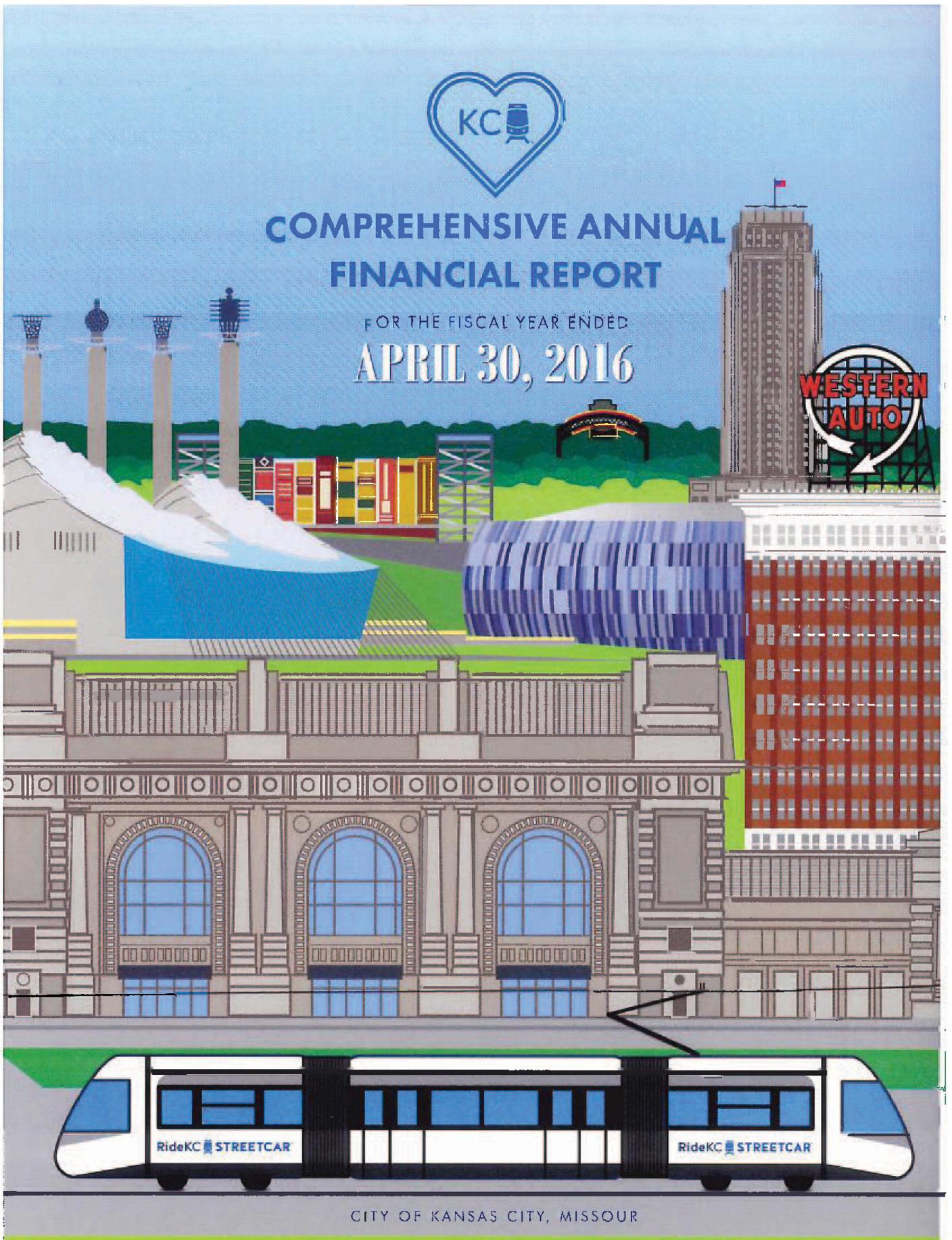
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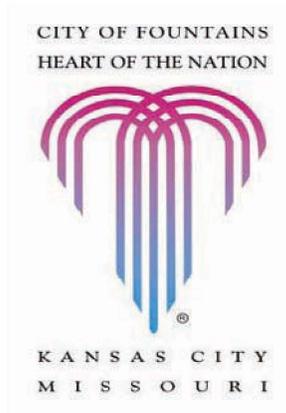
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
APRIL 30, 2016



CITY OF KANSAS CITY, MISSOURI

CITY OF KANSAS CITY, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED APRIL 30, 2016



CITY COUNCIL

Sylvester "Sly" James, Jr., Mayor

Scott Wagner	Heather Hall
Teresa Loar	Dan Fowler
Quinton Lucas	Jermaine Reed
Katheryn Shields	Jolie Justus
Lee Barnes, Jr.	Alissia Canady
Scott Taylor	Kevin McManus
City Manager Troy M. Schulte	Director of Finance Randall J. Landes

Prepared by the Finance Department

City of Kansas City, Missouri
Comprehensive Annual Financial Report
April 30, 2016

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Finance Department

Office of the Director

3rd Floor, City Hall
414 East 12th Street
Kansas City, MO 64106-

(816) 513-1173
Fax: (816) 513-1174

October 31, 2016

Honorable Mayor, City Council, City Manager, and Citizens of Kansas City:

In accordance with Missouri state law requiring political subdivisions to make an annual report of financial transactions to the State Auditor, it is my pleasure to issue the Comprehensive Annual Financial Report (CAFR) of the City of Kansas City, Missouri (the “City”) for the fiscal year ended April 30, 2016. The attached CAFR is prepared in conformity with generally accepted governmental auditing standards, attested by a certified public accountant and is in accordance with local, state, and federal laws and requirements. The independent accounting firm of BKD, LLP whose report is included, has audited the financial statements and related notes. The independent accounting firm of CMA Group, LLC conducted the single audit, as required under OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, which superseded OMB Circular A-133.

The report is designed to fairly present the City's financial position and results of operations as measured by the financial activity of the various funds. The City is responsible for both the accuracy of the data and the completeness and fairness of the presentations, based upon a comprehensive framework of internal control that it has established for this purpose. Sufficient internal accounting controls exist to provide reasonable, rather than absolute, assurance regarding the safekeeping of assets and fair presentation of the financial statements, supporting schedules, and statistical tables. The data presented is accurate in all material respects. All disclosures necessary to enable the reader to acquire an understanding of the City's financial activity are in the financial section of this report, which includes management's discussion and analysis (MD&A). MD&A complements this letter of transmittal and should be read in conjunction with it.

This report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) in conformance with the standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB), using the guidelines recommended by the Government Finance Officers Association (GFOA). During fiscal year 2014, the City implemented its structurally balanced budget policy. The National Advisory Council on State and Local Budgeting recommends cities and counties develop strategies to facilitate attainment of programs and financial goals. The policy is based on GFOA best practices for structurally balanced budgets and the City's Forging Our Comprehensive Urban Strategy (FOCUS) Governance Plan.

Effective May 1, 2015, the City adopted GASB Statement No. 68 (GASB No. 68), *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

GASB Statement No. 67 establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions and paying benefits to plan members as they come due.

For defined benefit pensions, GASB Statement No. 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

This report may be obtained by calling the Finance Department’s Division of Accounts at (816) 513-1173, or via the City’s website at <http://kcmo.gov>.

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PROFILE OF THE GOVERNMENT

The City of Kansas City, Missouri was incorporated in June, 1850 and has the largest municipal government in the state of Missouri. Under a home-rule charter adopted in 1925 and revised in 2006, a mayor and 12 council members, who may serve two consecutive four-year terms, represent six council districts. The mayor and six council members are elected at-large, and voters elect the remaining six council members within their council districts. The Mayor recommends and the City Council approves the selection of the City Manager, who is the chief administrative officer.

Kansas City, known as the "City of Fountains-Heart of the Nation," is centrally located within 250 miles of the geographic center of the nation. The maximum distance from Kansas City to anywhere in the continental United States is approximately 1,900 miles. The City includes land area in Cass, Clay, Jackson, and Platte Counties and covers 319 square miles, the 14th largest land area in the country. Much of the City north of the Missouri River, known as the northland, remains undeveloped.

Kansas City is a full-service city providing a wide range of municipal services including: financial services; administration of zoning and subdivision regulations; community development and neighborhood services; convention and entertainment facilities; fire and police protection; emergency medical services; public health services; refuse collection; housing; management of international and municipal airports; planning and maintenance of the City's parks, golf courses, community centers, and swimming pools; construction and maintenance of streets, roads, bridges, street lighting, and traffic systems; tree planting; and water and sewage treatment.

The City has 19 departments: Aviation, City Auditor, City Clerk, City Manager, City Planning and Development, Convention and Entertainment Facilities, Finance, Fire, General Services, Health, Human Relations, Human Resources, Law, Municipal Court, Neighborhood and Housing Services, Parks and Recreation, Police, Public Works, and Water Services.

Three departments, City Auditor, City Clerk and City Manager, report to the Mayor and City Council. The Parks and Recreation Department reports to the mayor-appointed, five-member Board of Parks and Recreation Commissioners. The Police Department, a discretely-presented component unit, reports to a governor-appointed, five-member Board of Police Commissioners, one of whom is the Mayor. The remaining departments report directly to the City Manager.

Based on the requirements of GASB Statements No. 14, 39 and 61, other related entities are included in the CAFR as blended or discretely presented component units. The City has three blended component units that are legally separate entities and are part of the City's operations and fourteen discretely presented component units. Detailed information on the component units may be found in the MD&A and footnote number one to the financial statements.

LOCAL ECONOMY

Kansas City, Missouri is situated at the junction of the Missouri and Kansas rivers and sits opposite Kansas City, Kansas. It is the largest city in the Kansas City Metropolitan Area; the most populous city in Missouri, the sixth largest city in the Midwest, and the 37th most populous city in the United States. Kansas City's location makes it a national transportation hub. The most geo-central market in the nation, metro Kansas City is served by three interstate highways. Kansas City has a diversified economy including transportation, telecommunications, manufacturing, health care, legal services,

trade, financial services, and governmental services. The region provides access to over one million jobs in over seven hundred occupations. The top three employers by industry within Kansas City are Services at 35%, which includes professional and business services, as well as education and health services; Trade, Transportation, and Utilities at 20%; and Government at 14%. Castlight Health Inc, a health management company, ranked Kansas City seventh in its index for healthcare affordability.

CNBC's article "40 Best Cities for College Grads" ranked Kansas City as the third best city for recent graduates to start their careers. Among the other cities in this list, Kansas City was ranked fourth in Affordability and sixth in Job Availability. The *Wall Street Journal* labeled Kansas City as one of the "Hot Places for Start-Ups." Business Insider also ranked Kansas City as a top 10 city of fastest growing tech start-up scenes. According to a study released by the Brookings Institution, Kansas City ranks seventeenth among domestic metro areas in terms of its green jobs count. *Forbes* identified Kansas City as one of the "Top 15 Cities for Female Entrepreneurs" and ranked Kansas City as the seventh best city for manufacturing jobs. *Forbes* also named Kansas City third on its list of the "10 Best Cities to Buy a Home," which followed up a prior survey naming the City as the thirteenth most affordable city in the United States for its low cost of living and housing affordability. In 2016, the *Huffington Post* ranked Kansas City as the fourth most affordable city in reference to the City's higher-than-average incomes with lower-than-average rents. *The Wall Street Journal* in an article "Luxury Living in Downtown" stated that "with little glitz and fanfare, downtown Kansas City, Missouri has emerged as a top draw among empty nesters and young professionals looking for an urban lifestyle," citing that "behind the surprising rise is a thriving arts scene, newly revamped public spaces and solid job growth."

Travel + Leisure ranked Kansas City in the top 25 of America's Favorite Cities. Travel + Leisure also ranked Kansas City as the number one city for an affordable getaway based on hotel cost and great value for food and entertainment. As the only destination in the United States to be featured in *Frommer's* top ten list, Kansas City was recognized for a growing number of hot spot attractions such as the Kauffman Center for the Performing Arts, the National World War I Museum, the Nelson-Atkins Museum of Art, the American Jazz Museum, the Negro Leagues Baseball Museum and the College Basketball Experience.

Per the Bureau of Labor Statistics, the average unemployment rate (not seasonally adjusted) for Kansas City through May 2016 is 4.6%, which is 0.4 percentage points lower than the same average rate in May 2015. This compares to the national average unemployment rate of 5.0% through May 2016.

MAJOR INITIATIVES

The City is pleased to have initiated or completed several projects independently and in conjunction with private partners during the year. These projects provide enhancements for the citizenry in a variety of areas including public safety, culture and recreation, technology and neighborhood and economic development.

Smart City

Kansas City is now the world's most connected Smart City thanks to the installation of cutting-edge technologies which will improve everyday experiences for residents. The more than \$15 million public-private partnership includes the most extensive deployment of public wi-fi and attached

sensors in the world; over 51 blocks along Main Street from the River Market to Union Station are connected. Among the infrastructure elements are 328 wi-fi repeaters, 171 smart street lights and 25 interactive kiosks. These Smart City initiatives will help the City of Kansas City use real-time data to deliver basic services more efficiently. The Smart City initiatives are also expected to attract economic development and entrepreneurs.

Kansas City was a top-seven finalist for the Smart City Challenge grant offered by the U.S. Department of Transportation. While the City did not win the grant, its application has become a blueprint for future smart city innovations that will become reality as the City activates public-private partnerships and locates funding from different sources. The elements of the application that focused on providing the same wi-fi and connected capabilities as currently found on Main Street are in development and are likely to be deployed in 2017/2018.

KCMO Arts Convergence

KCMO Arts Convergence Plan is a new cooperative effort to strengthen and leverage the arts and cultural community, and to fulfill the City's momentum in becoming a national cultural center. The plan was adopted by City Council in November 2013 and is a result of arts, civic and community leaders, convened as part of the Mayor's Task Force on the Arts to position City government to make a major advance in cultural development. The plan established a vision for cultural development outlined by 10 goals and related strategies for implementation over the next 10 years. The Office of Culture and Creative Services (OCCS) was established under the City Manager's Office in 2015, and serves the residents of Kansas City by bolstering and catalyzing arts, culture and creativity and by advancing arts as a strategy for economic development, neighborhood revitalization, and cultural vitality for its citizens. OCCS oversees administration of the Neighborhood Tourist Development Fund, which provides support for non-profit organizations to promote Kansas City's distinct and diverse neighborhoods through cultural, ethnic, historic, educational, and recreational activities, thus promoting the City as a premier convention, visitor, and tourist center. Accomplishments in 2016 include: 1) expansion of the artist microloan programs resulting in a total pool of \$650,000; 2) receipt of a National Endowment for the Arts Our Town grant to integrate local artistic production into the creation of public spaces in the West Bottoms, 3) creation of a Film Development Program to increase the number of film productions in Kansas City, sustain the number of local jobs in the industry, and strengthen the City's national reputation as a place for creative businesses, and 4) completion of the ArtSpace Preliminary Feasibility Report to assess the live/work space needs, trends, and vision of the area's arts and creative community.

KCStat

In late 2011, the City launched KCStat, a data-driven, public-facing initiative focused on improving the efficiency and effectiveness of City services. This initiative improves City services and government accountability by publicly outlining and discussing the progress toward the goals and objectives from the City's Citywide Business Plan, which are measured using performance indicators for outputs, outcomes, and efficiency. Public meetings to discuss these goals and the related data occur monthly and curated data visualizations are available on the public-facing KCStat dashboard website. A related internal performance management effort, DepartmentStat, hones in on goals within six departments and focuses on improving data-driven management at an operational level. KCStat and DepartmentStat have led to improved accountability toward the City's goals, an

understanding of barriers and opportunities that are present in achieving these goals, and targeted resource allocation decisions that address these opportunities and barriers.

AdvanceKC

In 2012, the City completed a comprehensive economic development strategic planning process called AdvanceKC with the goal of identifying key areas of competitiveness around which the City should focus its future economic development efforts. Those areas of competitiveness, or the “What” Kansas City should do to compete for the highest value jobs, provide a workforce capable of supporting the growing needs of local companies, and foster a quality of life and a place to attract workers, residents, and visitors. Those competitive factors were centered around 10 categories - Arts and Leisure, Business Climate, Connectivity and Collaboration, Infrastructure Development, Innovation and Entrepreneurship, Mobility, Public Safety, Talent Development and Education, Target Sector Support and Urban Land Use and Revitalization. The plan identified strategies and best practices for each competitive category which were then used to build an Implementation Plan including proposed timelines, support resources and project leaders, which is expected to be updated in 2017. In addition to these competitive strategies, the plan recommended a series of operational enhancements to help enhance an effective overall economic development process and activities necessary to ensure the on-going implementation of the plan.

This plan and its recommendations have resulted in significant improvements to the City’s process of coordinating, evaluating, identifying, and capitalizing on economic development opportunities. Some of the improvements that have been made since 2012 as a result of this plan include – establishment of the Economic Development Corporation of Kansas City as the single point for economic incentives, creating a clear path for developers to initiate redevelopment partnerships with the public sector; a smaller, more streamlined and agile Board of Directors for the Economic Development Corporation focused on attracting and retaining the highest quality jobs to Kansas City; creation of an Advocacy Council comprised of business, industry, and civic leaders in the community coming together to collectively promote Kansas City and support policies and initiatives to grow the local economy; establishment of Industry Councils to provide customized industry support to each of the City’s newly identified Target Sectors - Health Sciences & Services, Financial Services, Design & Engineering, Supply Chain Management, Advanced Manufacturing, Nonprofit Management, Entrepreneurs, and the Arts; outsourcing of Tax Increment Financing accounting to a third-party administrator under the supervision of the City, ensuring the highest standards of financial and managerial oversight for this important program; multiple enhancements to the incentives review process including - improved transparency and communication, expanded engagement of partner agencies, and a stronger and more rigorous financial evaluation of projects seeking economic development incentives. As a result of AdvanceKC and the leadership of our elected officials, Kansas City is enjoying great momentum and the City is utilizing economic development partnerships and tools differently than it did 20 years ago.

Land Bank

Legislation approved by the State of Missouri in August 2012, allowed the City to establish a land bank. Subsequently, the City Council approved Ordinance No. 120779 in September 2012 to establish the Land Bank of Kansas City, Missouri. The purpose for the Land Bank is to return abandoned properties to productive use and reduce the blight that exists in the neighborhoods where they are located. Funding for the Land Bank totals approximately \$2.0 million a year and is dedicated to demolition, lot clean-up, mowing, weed cutting and other operating expenses.

In February 2016, Land Bank rolled out the Dollar Home Program. The program identified 135 Land Bank houses to be sold for \$1. The houses on the list either had open dangerous buildings cases or were slated for demolition. The program requires the buyer to secure the property title, fix exterior code violations within 120 days, and bring the house up to habitable standards within one year. After completion of rehabilitation is verified, proof that the owner occupant is residing in the house, and the dangerous building certificate is released; Land Bank will reimburse \$8,500 to the owner occupant with the restriction that they reside in the home for a minimum of three years. The program received a total of 109 applications and 39 applications were approved for sale.

Improving Public Safety - Basic and Advanced Life Support Service Delivery

The Fire Department is pursuing strategic investments to enhance its service delivery. The principal service delivery model is being incrementally shifted over a two to three year period to establish “squads.” A squad is a combined unit, pairing an ambulance with a pumper company, comprised of upgraded equipment and fully cross-trained staff to deliver the full range of the department’s missions. Cross-trained staff will rotate between these two platforms, balancing workload and maintaining skill levels. Incumbent paramedics are in the process of upgrading to the paramedic skill level and an equal number of former single role EMS employees are earning suppression credentials. New pumpers entering the system are being equipped to support this model of service delivery. This change will improve overall care, enhance resource availability, deliver greater efficiency, and most importantly, better protect our citizens and the personnel who serve them. At the end of fiscal year 2020, KCFD is expected to operate a total of 20 squad companies.

Crisis Center

In 2016, Kansas City will open the first mental-health and substance abuse triage facility of its kind in Missouri. Located at 12th and Prospect, the Kansas City Assessment and Treatment Center’s (KC-ATC) goal is to relieve pressure on hospitals and jails from patients with substance abuse and mental illness issues, while also providing improved services to this affected population. The KC-ATC will stabilize and refer patients for treatment and other services within 23 hours or less.

CONNECTING TO RESIDENTS

Participation from residents in their government is important to provide City leaders with valuable input on the services provided and what really matters to citizens. The connection to residents also allows the City to share valuable information about City services and programs. Kansas City is focused on strengthening this connection through priorities such as KCMomentum.org, an interactive virtual town hall, and KCMORE, a publication for residents published by the City Communications Office. Additional significant citizen outreach efforts are highlighted below.

Balancing Act Tool

In September 2015, the City continued its proactive approach on ways to involve more residents and businesses in the area when it comes to data and citizen engagement by launching Balancing Act. Balancing Act is a web tool that promotes financial transparency by allowing local governments to put their budgets online in an interactive, educational format with responsive data visualizations. Through visually-appealing charts and multiple layers of explanatory detail, residents learn about the City’s various revenue sources and expenditures. Balancing Act also allows residents to construct their own local budget, subject to the same constraints that elected officials experience in balancing

the annual budget, using real budget data. This follows a successful launch in 2014 of Open Budget. Open Budget allows anyone to have quick access to budget information, whether they are interested in how much money is being spent on public safety or another City priority, how much money is spent by department, or by program within a department.

Open Data

In early 2013, the City launched its open data portal (Open Data KC) with its first dataset: the line-item budget. Since that time, the City has worked to publish additional high value datasets for citizens, businesses, and employees, including 311 service requests, property violations, and crime data. In the fall of 2015, the City's Chief Data Officer worked to update the City's Open Data Policy to align with national best practice standards. Along with these updates, a Data Governance Committee was established to oversee the quality and growth of the open data catalog. A Data Inventory is underway that will assist the Data Governance Committee in prioritizing datasets for release in the near future based on the needs of the City and community.

Citizen Satisfaction Survey

The annual Citizen Satisfaction Survey is another way for our residents to rate the City, providing City leaders with valuable input on what they are doing well and what needs improvement. The survey data is used to better allocate resources to what residents see as the areas where the City should improve. Over the past several years, the City has seen substantial increases in satisfaction with citizens' perceptions of the City and its services. The 2015-16 Citizen Satisfaction Survey results showed a mix of increased satisfaction and maintained satisfaction, with declines in a few areas that are currently under discussion. Significant improvements over the prior survey include:

- Overall image of the City +3.8%
- Quality of fire and ambulance services +2.3%
- Leadership provided by City's elected officials +2.2%

ECONOMIC DEVELOPMENT

Fiscal year 2015-16 was another successful year for the City in both jobs-based and site-based development. There were 31 job attraction and retention projects that represented nearly 5,000 jobs created and retained. The three biggest attraction projects were TriWest, Sioux Chief, and Challenge Manufacturing. TriWest Healthcare Alliance is a Phoenix-based administrator of health care services for veterans and military families that chose Kansas City for its first major Midwest expansion. TriWest added 500 jobs to the City and invested in a 64,000-square-foot facility in a business park near the Kansas City International Airport. Sioux Chief is a plumbing supply manufacturer that moved most of its operations, and nearly 500 jobs, to a new manufacturing and distribution center in south Kansas City. The 596,000-square-foot plant is located at the CenterPoint Intermodal Facility, which is the industrial park at the former Richards-Gebaur Air Force Base. The overall project is estimated at \$40 million. Challenge Manufacturing, an automotive parts supplier, relocated to an industrial building near the Kansas City International Airport. The \$56 million project created 375 jobs at the facility.

Kansas City continued its momentum on site-based redevelopment projects, particularly in Downtown. Renovation began on a \$42 million office project to redevelop Corrigan Station in the Crossroads District, which is due to be completed around the end of the calendar year. The historic building, located along Kansas City's streetcar line, will be LEED-certified and will house about 650 office employees. Construction also began on Two Light in the Power & Light District. This building, a \$105 million luxury residential tower with 300-units, follows after One Light completed construction and began occupancy earlier this year. On the western side of Downtown, Cityscape Residential started construction on 390-units of housing in Quality Hill. Hotel projects were announced to include converting the Pabst & Pendergast Buildings in the Crossroads into a boutique hotel with 125-units under the Aparium Hotel Group. This group, which operates similarly rehabbed hotels in other Midwestern cities, is known for its use of local artisans to supply the artwork and fixtures in the hotel rooms and common areas. The vacated Federal Reserve Building in Downtown will also undergo a \$148 million conversion into a hotel with 301-units and 24 boutique units. That project, along with the 125-unit Pickwick Building one block away, have the potential to reinvigorate the east side of Downtown. Overall, these projects reflect a desire for Downtown to be a place to live, work, and play, and will continue to fuel Downtown's population and economic growth.

Investment in projects in fiscal year 2015-16 totaled almost \$2 billion. Of the \$1.6 billion from site-based redevelopments, \$265 million was from public investment and \$1.354 billion was from private investment. In other words, every \$1 of public investment leveraged another \$5 of private investment.

PUBLIC INFRASTRUCTURE

KC Streetcar

During fiscal year 2015-16, the City completed construction of Phase I of the KC Downtown Streetcar project. The grand opening was held on May 6-7, 2016. More than 12,000 people rode the two-mile north-south streetcar route on opening day, with even greater numbers the next day. The streetcar serves the Central Business District, the Crossroads Arts District, and the Kansas City Power & Light District. The route runs largely on Main Street. The total estimated project cost was \$102 million plus associated program management costs. The streetcar was financed primarily through a voter-approved transportation development district (TDD) sales tax of one percent as well as property assessments for property owners in the TDD. The U.S. Department of Transportation awarded a \$20 million grant to the City for Phase I of the Streetcar project. The route also includes \$13 million in smart technology improvements, including LED street lighting, digital kiosks, and free wi-fi connections along the corridor and surrounding area. The City has tracked over \$1.7 billion of planned, permitted or completed development investment within the streetcar TDD area since funding was approved in December of 2012.

Overflow Control Plan

In 2003, the City Council directed the City Manager to prepare a long range plan to manage wet weather flow in both the separate and combined sewer systems within the city. In response, Kansas City Water Services prepared an Overflow Control Plan (the "Plan"). Creation of the Plan was driven by requirements of the federal Clean Water Act and by policies of the United States Environmental Protection Agency (EPA) and Missouri Department of Natural Resources (MDNR) related to sewer infrastructure. The Plan is structured to prevent as much stormwater as practicable from entering the

combined sewer system and separate sewer system to reduce sewer overflows and provide a platform to facilitate implementation of a comprehensive green solutions initiative in the City.

Kansas City's Overflow Control Program (OCP) was developed to meet regulatory requirements related to reducing wet-weather overflows from the combined sewer system and preventing overflows from the separate sewer system. The City and its regulatory partners have agreed to meet those objectives over a 25-year time period by completing a planned list of improvements targeted at capturing for treatment 88 percent of combined sewer flows and eliminating sanitary sewer overflows during a five-year, twenty-four hour rainfall event. Individual elements of the City's OCP became part of an enforceable document on September 27, 2010, with the entry of a Consent Decree in the United States District Court for the Western District of Missouri. To date, the City has fulfilled all requirements set forth in the Consent Decree.

The current estimated capital cost of this control plan is projected to be approximately \$4.5 billion with estimated inflation at the end of the 25-year timeframe. In addition, there is expected to be a \$72 million increase in annual expenditures for operation and maintenance.

The Overflow Control Program currently contains some 109 overflow control measure projects to be implemented over the 25-year implementation period. The program is currently in year 6 of the 25 year period and is on schedule and on budget. To date, 10 projects have been completed and 33 projects are currently underway in various stages of design and construction.

Water Capital Improvements

Kansas City's \$1.78 billion, five-year Water Capital Improvements program strategically leverages each dollar spent to address the City's aging infrastructure, while meeting the needs of future generations. The City's Capital Improvements Program includes strategic programmatic investments in the City's Water, Wastewater and Stormwater infrastructure. Programmatic elements are based on strategic replacement of the City's most vulnerable assets at a rate that matches the expected lifespan of the infrastructure. Water main replacements are prioritized annually based on the City's Business Risk Exposure calculation. Each pipe segment in the City's water distribution system is rated based on both its likelihood of failure (age, material, break history) and its consequence of failure (pipe diameter, proximity to critical transportation assets, and proximity to critical and priority customers). The City's 100-year Water Main Replacement Program replaces 28 miles of aging water mains annually with SMaRT Certified Ductile Iron Pipe.

Accessibility for All

On July 26, 2012, the City signed a settlement agreement with the Department of Justice that requires the City to remedy Americans with Disabilities Act (ADA) violations throughout City-owned structures and parks. The ADA Project team has assessed every structure and park, including community centers, the Zoo, Liberty Memorial, City Hall, and all other City-owned properties, and identified ADA violations. Currently, the project is in various stages of transition planning, schematic design, and construction to remedy these violations. During fiscal year 2015-16, the City expended \$9.3 million in bond proceeds for ADA improvements. The City also trained more than 1,000 employees in live ADA Awareness training sessions, and all new employees receive the same training via video. Working with the Public Works Department, additional work is being done by removing vertical barriers at curbs and hundreds are removed each year. Other requirements in the settlement agreement that have been met are an updated Emergency Operations Plan, updated

emergency shelters, and an updated website to ensure accessibility. The City will continue to make significant capital investment to complete the modifications to City facilities, curbs, sidewalks, and program access. While fulfilling the settlement agreement is a component, the overriding goal is to make Kansas City the most accessible of cities and welcoming to people of all abilities.

Wish Upon a Fountain Campaign

In partnership with the City of Fountains Foundation, the City completed a multi-year community campaign to renovate some of its most notable fountains. The spring of 2015 heralded the completion of an extensive renovation to the iconic J. C. Nichols Memorial Fountain on the Plaza in Mill Creek Park, and the reenergizing of the Seville Light Fountain directly across from it after a seven-year hiatus. The City also completed the design and installation of new memorial walls at the Firefighter's Memorial Fountain, renovation of the Children's Fountain and significant renovation to the Volker Fountain. The Wish Upon a Fountain Campaign has truly been a community effort, with many local foundations, individuals and companies donating funds and in-kind labor and materials for the renovation work.

Various Other Infrastructure Improvements

As the City with the 11th largest land area in the country, maintaining infrastructure improvements remains a focus of the Mayor and City Council. During fiscal year 2015-16 various bridge, street, parkway and other miscellaneous infrastructure projects were undertaken. Some of these included street improvements to Blue Parkway and Eastwood Trafficway, 135th Street – Phase 2, adaptive signals for streetcar line, 20th Street reconstruction and streetscape, and Broadway bridge over 30th Street.

The City continues to expand its trail system, as citizens rate trails as extremely important to their quality of life. During fiscal year 2015-16, the City completed the Blue River-Minor Park Connector Trail, Oak Park Trail, Migliazzo Park Trail and the Santa Fe Trail Extension. Other trail system improvements/expansions include Riverfront Heritage Trail – Mulberry Connector. The City also completed the Hodge Park Rugby Fields, Cliff Drive Recreational Improvements, the unique Roanoke Park Playground and the Go Ape Treetop Adventure in Swope Park.

FINANCIAL PLANNING INITIATIVES

The City is committed to being a good steward of the public's trust and finances. The City issued its first popular annual financial report for the period ending April 30, 2011. The City adopted fund balance and reserve policies the following year. The City also has adopted policies for debt, investments, revenue, street maintenance, budget transfers, quarterly budget reporting and structural balance. Throughout fiscal year 2015-16, the City expanded its efforts to improve the effectiveness of city operations and to provide the City Council with information for timely decision making.

The City completed its first Citywide Business Plan and Financial Strategic Plan in 2013. The Citywide Business Plan built and expanded upon several previous initiatives including: City Council goal-setting, performance tracking tools including KCStat, citizen surveys, Citizens Commission on Municipal Revenue, AdvanceKC, financial trends reports, and fiscal planning modeling. The voters approved a charter amendment in April 2014 that requires the City Council to adopt a Five-Year

Financial Plan no later than November 1 of each year. The Citywide Business Plan addresses several critical issues facing Kansas City over the next five years. It creates the foundation for the City's annual budget by integrating these vital, but disconnected, efforts into one comprehensive platform. The strategic priorities and issues contained within this plan are guiding factors for planning and resource allocation decisions in the future. The model continues to expand to include service level outcomes and Key Performance Indicators (KPIs). The City Council and Finance Department staff use scenarios from the model to assist deliberations for budget allocation decisions.

SUSTAINABILITY

Mayor James, the City Council, and City Manager Troy Schulte have embraced sustainability as a core principle in all municipal operations: a triple-bottom line approach to simultaneously achieve social equity, economic vitality, and environmental quality in our community. It is manifested in the City's Vision Statement that calls for the City to "employ innovative strategies to develop sustainable, healthy communities where all prosper."

A foundation of the City's sustainability efforts is its climate action plan, unanimously adopted by the Mayor and City Council in July 2008, making KC the first major city in the heartland of the U.S. to take such action. Toward achieving its goals to reduce greenhouse gas (GHG) emissions 30 percent below year 2000 levels by 2020, in municipal operations and community-wide, by the end of calendar year 2013, the City had achieved a 25 percent reduction in its GHG emissions from municipal operations and a 4 percent reduction in community-wide GHG emissions. The City's most recent GHG inventory update indicated a need to take more aggressive action to reduce community-wide emissions and identified energy use in buildings as a primary contributor of those emissions.

Consequently, for the past two years, Kansas City has been one of 10 U.S. cities participating in the City Energy Project, an initiative in partnership with the Natural Resources Defense Council and the Institute for Market Transformation to promote energy efficiency improvements in large commercial, institutional, industrial, and multi-family buildings. The City Energy Project Advisory Committee, co-chaired by a member of the City Council and the City's chief environmental officer, was formed to provide key stakeholders (including our investor-owned electrical utility, the Greater Kansas City Chamber of Commerce, local building owners/managers, and others) with the opportunity to help design and implement the initiative. The City has provided significant education and outreach regarding the benefits of benchmarking building energy use with ENERGY STAR Portfolio Manager, a free online tool. In addition, working with the Central Plains Chapter of the U.S. Green Buildings Council, a database of businesses who provide energy efficiency goods and services has been compiled for use by local building owners/managers. In June 2015, Kansas City became the 14th city in the U.S. to adopt an ordinance requiring owners of large buildings to benchmark energy and water use, using ENERGY STAR Portfolio Manager and report their results to the City on an annual basis. The goals of the City Energy Project are to reduce energy use, save money on utility bills, reduce GHG emissions, and create local jobs to make buildings in the City more energy efficient.

The City has affiliated with two statewide clean energy districts in Missouri – the Missouri Clean Energy District (MCED) and Show Me PACE – to provide access to PACE (property-assessed clean energy) loans to building owners in Kansas City so they can make investments in energy efficiency

improvements and renewable energy projects to reduce energy consumption and GHG emissions, while saving money on utility bills. PACE loans allow building owners to amortize the cost of energy efficiency improvements up to 20 years so that the utility cost savings equal or exceed the loan repayments which are made as special property tax assessments. Two PACE loans have been made by MCEd for projects in the City supported by a portion of the City's allocation of Qualified Energy Conservation Bonds (QECBs), as authorized by the City Council:

- \$567,000 for energy efficiency improvements in a cooperative condominium building, and
- \$1,694,622 for energy efficiency improvements to the Plaza Corporate Center

By implementing a wide range of sustainability initiatives that address energy efficiency, renewable energy, local food production/urban agriculture, expansion of public transit, improved local air quality, revitalization of inner city neighborhoods (with an emphasis upon repurposing vacant lots into neighborhood assets), increasing the availability of affordable housing, and other activities to improve the quality of life, the City continues to make the community a better place for those who live here today and a place for others who seek to find a community that is inclusive and vibrant. Kansas City has become the regional leader in municipal sustainability and a nationally-recognized green city that strives to integrate sustainability into all aspects of City operations.

AWARDS and ACKNOWLEDGMENTS

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended April 30, 2015. This was the 27th consecutive year that the City has achieved this award. To be awarded a Certificate of Achievement, a government must publish an easily readable and organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. This report is intended to meet the Certificate of Achievement Program's requirements and will be submitted to the GFOA to determine its eligibility for a certificate.

In addition, GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City for its Popular Annual Financial Report for the fiscal year ended April 30, 2015. This was the fifth consecutive year the City has achieved this award. This prestigious, national award recognizes state and local government popular reports that have adhered to the highest standards of preparation. In order to receive an Award for Outstanding Achievement, a government unit must publish a popular annual financial report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award of Outstanding Achievement is valid for a period of one year only.

Finally, the GFOA awarded the City the Distinguished Budget Award for fiscal year ended April 30, 2016. This is the third consecutive year, and 23rd time overall, that the City has achieved this award. In order to receive the award, a government must satisfy nationally-recognized guidelines for effective budget presentation to assess how well the budget serves as a policy document, a financial plan, an operations guide, and a communications device.

I want to express my appreciation to the staff members of the Finance Department and the City's operating departments for their joint efforts in preparing this report. I would also like to thank the

Mayor, City Council, and the City Manager for their interest and support in planning and conducting the financial affairs of the City.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Russell J. Jones", with a long horizontal flourish extending to the right.

Director of Finance
City of Kansas City, Missouri



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Kansas City
Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

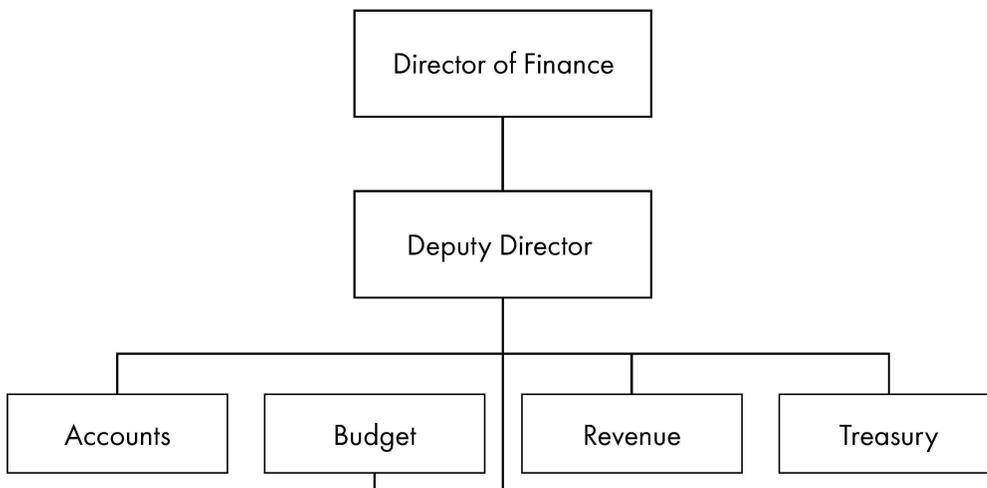
April 30, 2015

Executive Director/CEO

Organization Chart: City of Kansas City, Missouri



Finance Department
as of April 30, 2016
Finance Department Officers



Independent Auditor's Report

The Honorable Mayor and Members
of the City Council
City of Kansas City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Kansas City, Missouri (the City), as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Kansas City Board of Police Commissioners (Police Department) and the Port Authority of Kansas City, Missouri (Port Authority), both of which are included as discretely presented component units, which represent approximately 29% of total assets and 63% of total revenues of the aggregate discretely presented component units as of and for the year ended April 30, 2016, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion on the aggregate discretely presented component units, insofar as it relates to the amounts included for the Police Department and Port Authority, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Kansas City International Airport – Community Improvement District, Maintenance Reserve Corporation, Employees' Retirement System, Firefighters' Pension System, Police Retirement System and Civilian Employees' Retirement System, which are included in the City's financial statements, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Kansas City, Missouri as of April 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2016 the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The Supplementary Information – Combining and Individual Fund Statements and Schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of the other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The Introductory Section and Statistical Section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016, on our consideration of the City’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

BKD, LLP

Kansas City, Missouri
October 31, 2016

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Management's Discussion and Analysis (MD&A) offers readers a narrative overview and analysis of the financial activities of the City of Kansas City, Missouri (the City) for the fiscal year ended April 30, 2016. Readers are encouraged to consider the information presented here and in the City's financial statements, which follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets and deferred outflows of resources of the City (the primary government) exceeded its liabilities and deferred inflows of resources at the close of 2016 by \$4.705 billion. The unrestricted net position is (\$349.4) million. The unrestricted net position of the City's governmental activities is in a \$679.8 million deficit. The unrestricted net position of the City's business-type activities is \$330.4 million and may only be used to meet the ongoing obligations of the City's water, sewer and airports business-type activities.
- The City's total net position increased \$147.0 million in 2016. Net position of the governmental activities decreased by \$6.3 million, which represents a 0.25% decrease from the 2015 net position and business-type net position increased \$153.2 million, which represents a 7.32% increase from the 2015 net position.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$439.3 million. The combined governmental funds fund balance increased \$67.5 million from the prior year's ending fund balance. Approximately \$189.8 million of the governmental funds' fund balance is considered unrestricted at April 30, 2016.
- The general fund reported a total fund balance of \$65.5 million at the end of the current fiscal year. There was a \$13.3 million increase in the total fund balance for the year. Approximately \$64.7 million of the fund balance is considered unrestricted at April 30, 2016. A portion of the fund balance is committed for a stabilization arrangement or emergency reserve in the amount of \$42.4 million. The emergency reserve represents one month or 8.33% of total general fund expenditures. An additional amount of \$14.6 million is assigned for a countercyclical reserve. The total of the emergency reserve and countercyclical reserve is \$57.0 million or 11.20% of total general fund expenditures.
- The long-term liabilities of the City's governmental activities increased by \$632.0 million or 36.16% as compared to the prior year amounts. The long-term liabilities of the City's business-type activities increased by \$112.0 million or 10.97% as compared to the prior year amounts.
- As discussed in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended. The 2015 information in this management's discussion and analysis has not been restated for the adoption of GASB 68.

Overview of the Financial Statements

The MD&A is an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The report contains both required and other supplementary information in addition to the financial statements.

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Government-wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the City's finances.

The statement of net position presents information concerning the City's assets, deferred outflows, liabilities and deferred inflows; the difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position. Increases and decreases in net position serve as an indicator of the City's change in financial position.

The statement of activities presents information displaying how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the City principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the City include general government, public safety (police, fire and municipal court), public works, neighborhood development, health, culture and recreation, convention facilities and economic development. The business-type activities of the City include three enterprise activities: a water system, a sanitary sewer system and aviation.

The government-wide financial statements include not only the City itself (known as the primary government), but include the Economic Development Corporation, Tax Increment Financing Commission, Land Clearance for Redevelopment Authority, Port Authority of Kansas City, Missouri, Kansas City Board of Police Commissioners, Economic Development Corporation Charitable Trust, Maintenance Reserve Corporation, Downtown Economic Stimulus Authority of Kansas City, Missouri, KCI Airport Community Improvement District, Performing Arts Community Improvement District, American Jazz Museum, Land Bank of Kansas City, Missouri, Kansas City, Missouri Homesteading Authority and Metropolitan Ambulance Service Trust. Financial information for these discretely presented component units is reported separately from the financial information presented for the primary government itself. Complete financial statements of these component units, which include their management's discussion and analysis (MD&A), may be obtained from their respective administration offices.

In addition, the financial statements include the Kansas City Municipal Assistance Corporation (KCMAC), the Police Retirement System and the Civilian Employees' Retirement System as blended component units.

The government-wide financial statements can be found on pages A-23 to A-26.

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers will better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund and the capital improvements fund, which are considered major funds. Data from the other governmental funds is combined into a single, aggregated presentation.

The governmental funds financial statements can be found on pages A-27 to A-30.

Proprietary Funds

The City maintains two types of proprietary funds - enterprise funds and internal service funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer (including storm water and sanitary sewer) and airport operations. The one internal service fund is used to account for a self-funded health care system for city employees and retirees. The services provided by this fund predominantly benefit the governmental rather than the business-type functions and it is included within governmental activities in the government-wide financial statements shown in this report.

The proprietary fund financial statements can be found on pages A-31 to A-35.

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City uses fiduciary funds to account for the retirement plans for regular employees, firefighters, police officers and civilian employees of the police department, funds held for employee memorials, municipal correctional facility inmate canteen operations, special deposits, municipal court appearance bonds, tax increment financing tax deposits, police department grants and payroll and insurance benefits.

The fiduciary fund financial statements can be found on pages A-36 to A-37.

Discretely Presented Component Units

The discretely presented component unit financial statements provide separate information for the Economic Development Corporation, Tax Increment Financing Commission, Land Clearance for Redevelopment Authority, Port Authority of Kansas City, Missouri and Kansas City Board of Police Commissioners. The remaining discretely presented component units are aggregated and presented in a single column.

The discretely presented component unit statements can be found on pages A-38 to A-40.

Notes to the Basic Financial Statements

The notes provide additional information essential to understand the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages A-41 to A-176.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary compliance, progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees and condition assessments on infrastructure assets accounted for using the modified approach. Required supplementary information can be found on pages A-177 to A-200.

The City uses the modified approach when accounting for street surfacing, bridges/culverts and street lighting and uses straight-line depreciation when accounting for curbs, sidewalks, retaining walls, traffic signals, signage and guardrails. The City began reporting street surfacing, bridges/culverts and street lighting retroactively with the financial report for the period ending April 30, 2003, curbs and sidewalks retroactively with the financial report for the period ending April 30, 2006 and traffic signals, guardrails and signage retroactively with the financial report for the period ending April 30, 2007.

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Traffic Violation Fines and Court Costs

Section 302.341.2, of the Missouri Revised Statutes states - If any city, town, village, or county receives more than thirty percent of its annual general operating revenue from fines and court costs for traffic violations, including amended charges from any traffic violation, occurring within the city, town, village, or county, all revenues from such violations in excess of thirty percent of the annual general operating revenue of the city, town, village, or county shall be sent to the director of the department of revenue and shall be distributed annually to the schools of the county in the same manner that proceeds of all penalties, forfeitures and fines collected for any breach of the penal laws of the state are distributed. The director of the department of revenue shall set forth by rule a procedure whereby excess revenues as set forth above shall be sent to the department of revenue. If any city, town, village, or county disputes a determination that it has received excess revenues required to be sent to the department of revenue, such city, town, village, or county may submit to an annual audit by the state auditor under the authority of Article IV, Section 13 of the Missouri Constitution. *An accounting of the percent of annual general operating revenue from fines and court costs for traffic violations, including amended charges from any charged traffic violation, occurring within the city, town, village, or county and charged in the municipal court of that city, town, village, or county shall be included in the comprehensive annual financial report submitted to the state auditor by the city, town, village, or county under section 105.145.* Any city, town, village, or county which fails to make an accurate or timely report, or to send excess revenues from such violations to the director of the department of revenue by the date on which the report is due to the state auditor shall suffer an immediate loss of jurisdiction of the municipal court of said city, town, village, or county on all traffic-related charges until all requirements of this section are satisfied. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028.

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Annual general operating revenue of the city is not defined in the statute. Therefore, the City will report on traffic fines as a percent of both general fund total revenues and total governmental funds total revenue. The City includes traffic fines as part of fines and forfeitures reported in the CAFR's Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. The table below provides a reconciliation of all amounts included in fines and forfeitures and a calculation of traffic fines as both a percent of general fund revenue and as a percent of total governmental funds revenue as of April 30, 2016 (*in thousands*).

	General Fund	Governmental Funds	Total
	Fund	Funds	
	<hr/>		
Traffic fines	\$ 12,800	\$ 12,800	12,800
Traffic camera fines	-	-	-
Traffic fines - court costs	-	446	446
Municipal court fines	-	-	-
Neighborhood court fines	455	455	455
Municipal court costs-police officer training	251	251	251
Municipal court costs-battered shelter operations	-	439	439
Parking fines youth	-	409	409
Municipal court delinquency fee	143	143	143
Municipal court diversion program fee	122	122	122
Municipal court costs - arrest costs	37	37	37
Municipal court forfeitures	230	230	230
Municipal court specialty court fee	-	651	651
Air quality settlements	-	32	32
Animal control fines - Chapter 14	120	120	120
Workforce violation penalty	-	-	-
Code enforcement fines	63	63	63
Nuisance - abatement fee	1	1	1
Fines and forfeitures, total	<hr/> 14,222	<hr/> 16,199	
Traffic fines, total	12,800	13,246	
Revenues, total	<hr/> 538,306	<hr/> 1,055,440	
Traffic fines as a percent of operating revenues	2.38%	1.26%	

Government-wide Financial Analysis

As noted earlier, net position serves as a useful indicator of the results of the City's operations. The City's (the primary government) assets plus deferred outflows exceeded liabilities plus deferred inflows by \$4.705 billion at the close of the most recent fiscal year. At the end of the prior fiscal year, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$5.004 billion indicating that the government decreased its financial position during the year. The decrease was a result of the restatement of beginning net position for the adoption of GASB 68. Governmental activities net position decreased

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

by \$6.3 million (from \$2.464 billion to \$2.458 billion) and business-type activities net position increased by \$153.2 million (from \$2.094 billion to \$2.247 billion).

The largest portion of the City's net position, \$4.779 billion or 101.57%, consists of its investment in capital assets (for example, land, buildings, land improvements, monuments and fountains, machinery and equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$275.5 million or 5.85%, represents resources that are subject to external restrictions as to how they may be used. It is important to note that, although the remaining amount or unrestricted net position is (\$349.4) million, the unrestricted net position of the City's business-type activities (\$330.4 million) may not be used to fund governmental activities.

The unrestricted net position of the governmental activities decreased by \$462.7 million. The unrestricted net position of the business-type activities increased by \$17.1 million. The underlying reason for the \$17.1 million increase in the business-type activities can be further broken down by fund. The Water, Kansas City Airports and Sewer funds had increases (decreases) in unrestricted fund balance of (\$5.8) million, \$12.6 million and \$10.3 million, respectively.

As previously mentioned, the Water fund's unrestricted net position decreased by \$5.8 million. Factors contributing to this were a three percent increase in water rates, offset by a decrease in usage, or 3.3% increase in total operating revenues. The increase in operating revenue was offset by a 3.0% decline in usage. Total operating expenses decreased by \$2.0 million or 2.1% over the previous year. The decrease in operating costs was due to the completion of the implementation of the Customer Service Improvement Program.

The unrestricted net position of the KC Airports fund increased by \$12.6 million. Factors contributing to this were operating revenues from terminal fees, landing fees, parking fees and rental cars all had increases from the prior year.

The unrestricted net position of the Sewer fund increased by \$10.3 million. Factors contributing to this were a thirteen percent increase in sewer service fees, which helped generate an \$24.1 million or 14.2% increase in total operating revenues. Total operating expenses increased by \$13.2 million or 12.0% over the previous year. The Fund continues investing in sewer system improvements in order to comply with the Overflow Control Program as mandated by the Environmental Protection Agency.

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Net Position
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2015-16	2014-15	2014-15	2015-16	2014-15	2015-16
Current and other assets	\$ 608,539	\$ 562,753	\$ 902,858	\$ 779,491	\$ 1,511,397	\$ 1,342,244
Capital assets	4,294,558	4,252,502	2,526,655	2,411,106	6,821,213	6,663,608
Total assets	<u>4,903,097</u>	<u>4,815,255</u>	<u>3,429,513</u>	<u>3,190,597</u>	<u>8,332,610</u>	<u>8,005,852</u>
Deferred outflows	<u>178,494</u>	<u>58,028</u>	<u>14,473</u>	<u>5,994</u>	<u>192,967</u>	<u>64,022</u>
Long-term liabilities outstanding	2,379,950	1,747,904	1,132,257	1,020,322	\$ 3,512,207	\$ 2,768,226
Other liabilities	<u>227,865</u>	<u>227,666</u>	<u>59,542</u>	<u>57,945</u>	<u>287,407</u>	<u>285,611</u>
Total liabilities	<u>2,607,815</u>	<u>1,975,570</u>	<u>1,191,799</u>	<u>1,078,267</u>	<u>3,799,614</u>	<u>3,053,837</u>
Deferred inflows	<u>16,078</u>	<u>11,984</u>	<u>4,822</u>	<u>465</u>	<u>20,900</u>	<u>12,449</u>
Net position	<u>\$ 2,457,698</u>	<u>\$ 2,885,729</u>	<u>\$ 2,247,365</u>	<u>\$ 2,117,859</u>	<u>\$ 4,705,063</u>	<u>\$ 5,003,588</u>
Net investment in capital assets	\$ 3,077,258	\$ 3,053,850	\$ 1,701,705	\$ 1,625,502	\$ 4,778,963	\$ 4,679,352
Restricted-expendable	60,215	48,944	215,266	179,105	275,481	228,049
Unrestricted	<u>(679,775)</u>	<u>(217,065)</u>	<u>330,394</u>	<u>313,252</u>	<u>(349,381)</u>	<u>96,187</u>
Total net position	<u>\$ 2,457,698</u>	<u>\$ 2,885,729</u>	<u>\$ 2,247,365</u>	<u>\$ 2,117,859</u>	<u>\$ 4,705,063</u>	<u>\$ 5,003,588</u>

Governmental Activities

Governmental activities realized \$1.097 billion in revenues and \$1.103 billion in expenses for fiscal year 2016. The primary government as a whole realized \$1.631 billion in revenues and \$1.484 billion in expenses for fiscal year 2016.

Business-type Activities

Business-type activities had increases in net position of \$153.2 million, which is a 7.32% increase to the beginning of the year net position. The increase in net position was attributable in large part to the capital improvement programs of the Water Services Department for replacements and extensions to water and sewer lines and treatment plants. In addition, a three percent increase in water rates (which offset the decline in usage), a thirteen percent increase in sewer rates and increases in terminal fees, landing fees and parking fees at the airport all contributed to the \$153.2 million increase in the net position of the business-type activities. The Water, KC Airports and Sewer funds' net positions increased by \$56.5 million, \$28.2 million and \$68.5 million, respectively.

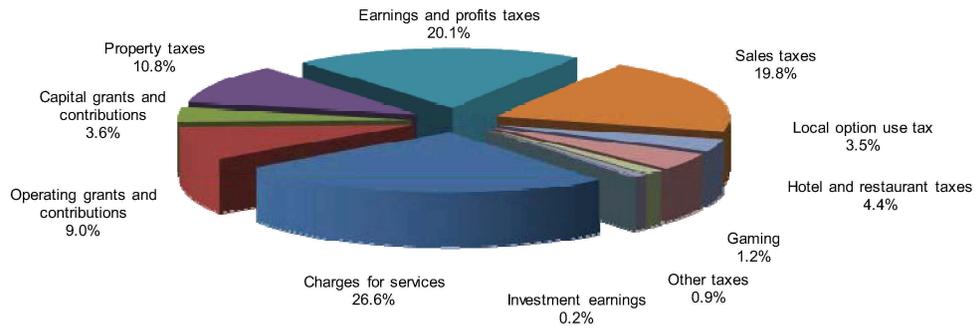
City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Components of the increase/decrease are as follows:

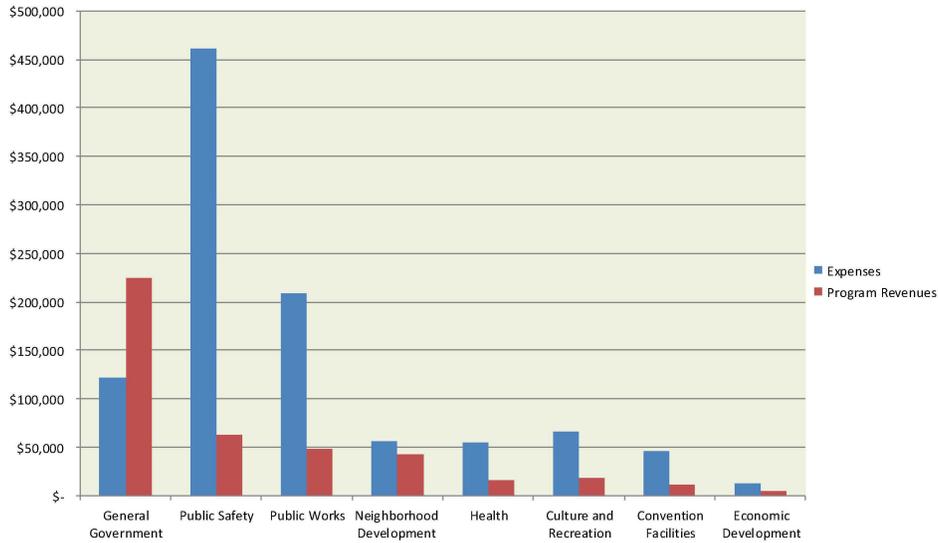
		Changes in Net Position					
		<i>(In thousands)</i>					
		Governmental Activities		Business-type Activities		Total	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Revenues							
Program revenues							
Charges for services	\$	291,668	\$ 277,512	\$ 504,702	\$ 477,783	\$ 796,370	\$ 755,295
Operating grants and contributions		99,209	102,484	-	-	99,209	102,484
Capital grants and contributions		39,257	19,096	23,962	42,811	63,219	61,907
General revenues							
Property taxes		118,373	116,502	-	-	118,373	116,502
Earnings and profits taxes		220,451	221,617	-	-	220,451	221,617
Sales taxes		217,301	207,699	-	-	217,301	207,699
Local option use taxes		38,144	39,358	-	-	38,144	39,358
Hotel and restaurant taxes		47,836	44,397	-	-	47,836	44,397
Gaming taxes		13,494	13,896	-	-	13,494	13,896
Railroad and utility taxes		6,766	6,065	-	-	6,766	6,065
Cigarette taxes		2,585	2,557	-	-	2,585	2,557
Investment earnings		1,949	3,008	5,172	6,713	7,121	9,721
Total revenues		<u>1,097,033</u>	<u>1,054,191</u>	<u>533,836</u>	<u>527,307</u>	<u>1,630,869</u>	<u>1,581,498</u>
Expenses							
General government		121,497	121,623	-	-	121,497	121,623
Public safety		461,866	407,290	-	-	461,866	407,290
Public works		209,041	182,674	-	-	209,041	182,674
Neighborhood development		56,294	55,880	-	-	56,294	55,880
Health		54,356	54,054	-	-	54,356	54,054
Culture and recreation		66,167	66,107	-	-	66,167	66,107
Convention facilities		45,447	43,678	-	-	45,447	43,678
Economic development		12,213	11,684	-	-	12,213	11,684
Unallocated depreciation		1,283	1,345	-	-	1,283	1,345
Interest on long-term debt and amortization		75,141	73,741	-	-	75,141	73,741
Water		-	-	103,390	107,320	103,390	107,320
Sewer		-	-	133,821	117,582	133,821	117,582
Aviation		-	-	143,386	148,575	143,386	148,575
Total expenses		<u>1,103,305</u>	<u>1,018,076</u>	<u>380,597</u>	<u>373,477</u>	<u>1,483,902</u>	<u>1,391,553</u>
Increase/decrease in net position		(6,272)	36,115	153,239	153,830	146,967	189,945
Net position – beginning of year, as restated		2,463,970	2,849,614	2,094,126	1,964,029	4,558,096	4,813,643
Net position – end of year		<u>\$ 2,457,698</u>	<u>\$ 2,885,729</u>	<u>\$ 2,247,365</u>	<u>\$ 2,117,859</u>	<u>\$ 4,705,063</u>	<u>\$ 5,003,588</u>

City of Kansas City, Missouri
Management's Discussion and Analysis
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Revenues - Governmental Activities

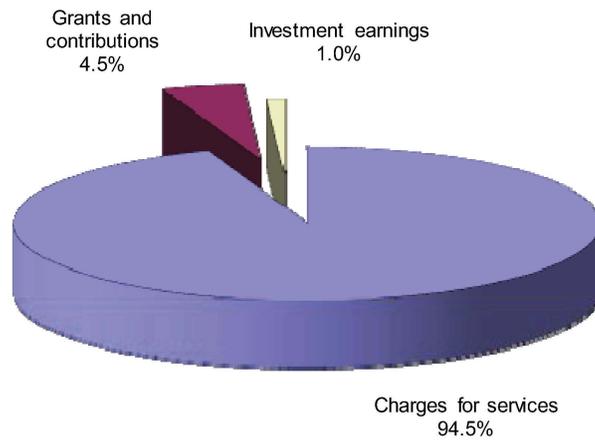


Expenses and Program Revenues - Governmental Activities
(In thousands)

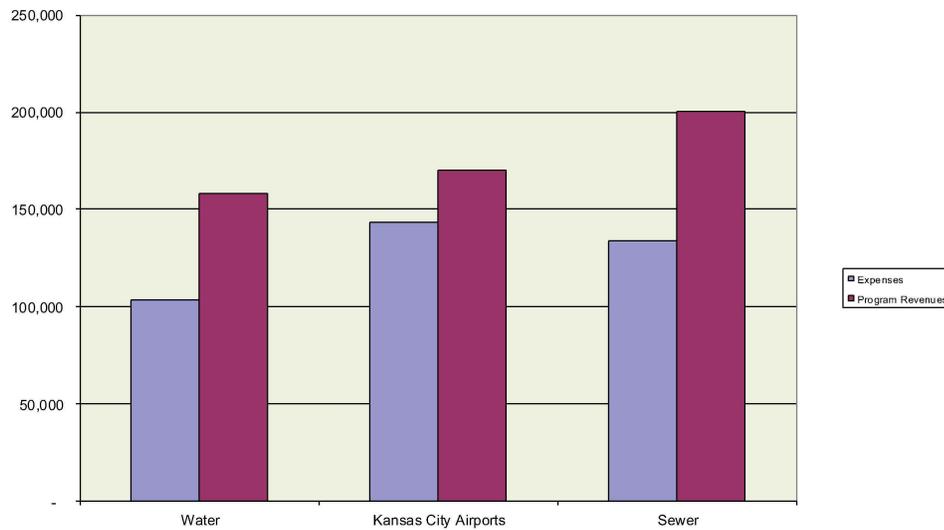


City of Kansas City, Missouri
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Revenues -Business-type Activities



Expenses and Program Revenues - Business-type Activities
(In thousands)



City of Kansas City, Missouri

Management's Discussion and Analysis

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Financial Analysis of the Government's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a measure of a government's net resources available for future use.

As of April 30, 2016, the City's governmental funds have combined ending fund balances of \$439.3 million. The total fund balance increased by \$67.5 million during fiscal year 2016. The fund balances for governmental funds are reported using classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five categories of governmental fund balance are nonspendable, restricted, committed, assigned and unassigned. The committed, assigned and unassigned classifications are considered to be unrestricted and these total to \$189.8 million for all governmental funds. This is a \$31.1 million or 19.6% increase from April 30, 2015.

Major Funds

The general fund is the chief operating fund of the City. At April 30, 2016, the total fund balance of the general fund was \$65.5 million and expenditures were \$510.0 million. The total fund balance increased by \$13.3 million during fiscal year 2016. A portion of the general fund's fund balance is committed to a stabilization arrangement or emergency reserve in the amount of \$42.4 million. It is useful to compare the amount of the emergency reserve to total fund expenditures. The emergency reserve represents one month or 8.33% of the total fund expenditures. An additional amount of \$14.6 million is assigned for a countercyclical reserve. The total of the emergency reserve and countercyclical reserve is \$57.0 million or 11.1% of total general fund expenditures. The City's goal is to fund the emergency reserve in an amount equal to one month or 8.33% of general fund expenditures. The goal of the countercyclical reserve is funding at an additional one month for a total of 16.67% of general fund expenditures.

The \$13.3 million or 25.5% increase in total fund balance is attributable to a variety of factors. Some of the large dollar variances with an explanation of the underlying reasons for the significant changes from the prior year follow:

\$6.0 million increase in tax revenues is a reflection of the continuing improvement in the local economy; the increase primarily consists of \$6.7 million of earnings tax, \$0.5 million of general property tax and a decrease of \$1.1 million of local option use tax.

\$3.6 million decrease in fines and forfeitures is due to traffic fines.

\$13.7 million increase in charges for services is primarily due to \$17.6 million in ambulance service charges that were previously recorded in a special revenue fund but have been merged into the general fund.

City of Kansas City, Missouri
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\$43.2 million increase in fire operating expenditures was generated from merging ambulance services from special revenue funds into the general fund.

The capital improvements fund is the City's other major governmental fund. At April 30, 2016, the total fund balance of the capital improvements fund was \$81.8 million and expenditures were \$57.7 million. The total fund balance increased by \$5.1 million during fiscal year 2016. The unrestricted portion of fund balance totals to \$81.8 million. It may be useful to compare the amount of unrestricted fund balance to total fund expenditures. The unrestricted portion of fund balance represents 141.8% of the total fund expenditures.

The \$5.1 million or 6.65% increase in total fund balance is attributable to a variety of factors. Some of the large dollar expenditures with an explanation of the underlying reasons for the significant changes from the prior year follow:

\$1.2 million increase in sales tax revenues is a reflection of the continuing improvement in the local economy.

The capital improvements fund is a major funding of capital improvement and maintenance projects. The expenditure of \$57.7 million was attributable to several projects. Some of the more significant capital outlays in the fund were:

\$5.6 million for street preservation

\$4.9 million for street lighting and maintenance

\$2.7 million for a North Jackson and Vivion Road reconstruction

\$4.9 million for flood controls at Blue River, Turkey Creek and citywide

\$2.4 million for River Market improvements at 2nd Street and Delaware

\$2.3 million for repairs at the various city owned buildings

The fund also provides a source of funding for debt service payments on bonds and notes that were issued to finance capital improvement projects. This is reflected in the \$24.1 million of transfers-out that includes:

\$11.5 million for general obligation bonds issued for infrastructure construction and repair, KC Zoo improvements and Liberty Memorial improvements

\$3.7 million for streetlight improvements

\$7.3 million for various notes used to finance the City Market Development Project, ADA Compliance Improvements to City Facilities, Fairyland, Prospect North and Zona Rosa Development Projects, Streetcar Phase II Design, Diamond Interchange Road Project

City of Kansas City, Missouri

Management's Discussion and Analysis

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The water fund, sewer fund (including storm water) and the airports funds, all of which are business-type activities, are also major funds. At April 30, 2016, the unrestricted net position of the water fund was \$94.2 million, while total net position was \$724.9 million. As a measure of the water fund's liquidity, it may be useful to compare unrestricted net position to total fund operating expenses. Unrestricted net position represents 100.53% of the total fund operating expenses.

The unrestricted net position for the sewer fund was \$151.3 million and a total net position of \$967.4 million. As a measure of the sewer fund's liquidity, it may be useful to compare unrestricted net position to total fund operating expenses. Unrestricted net position represents 122.98% of the total fund operating expenses.

The unrestricted net position for the airports fund was \$84.9 million and a total net position of \$555.1 million. As a measure of the airports fund's liquidity, it may be useful to compare unrestricted net position to total fund operating expenses. Unrestricted net position represents 62.58% of the total fund operating expenses.

General Fund Budgetary Highlights

During fiscal year 2016, there was a \$4.2 million increase in appropriations for expenditures and other financing uses between the original and final amended budget and an \$8.7 million increase in estimated revenues and other financing sources. The actual expenditures and other financing uses were under the final amended budget by \$11.0 million and actual revenues and other financing sources were under the final amended budget by \$9.6 million. Individual department variances between actual expenditures and final budget were normal variances in most instances. However, Public Works, Fire and operating transfers out had variances of greater than \$1 million.

The \$2.8 million variance for Fire was primarily due to additional budgets for salary and benefits expenditures for pension system contributions, holiday pay and worker's compensation charges.

The \$1.3 million variance for Public Works was primarily due to ADA street corner reconfigurations and street preservation.

The \$3.8 million variance for operating transfers out was primarily due to not transferring all available appropriations to the Streetlight Debt and KC Downtown Redevelopment District Debt funds.

Capital Assets and Debt Administration

Capital Assets

The City uses the modified approach when accounting for street surfacing, bridges/culverts and street lighting and uses straight-line depreciation when accounting for curbs, sidewalks, traffic signals, signage, guard rails, buildings, improvements, machinery and equipment, land improvements and fountains and monuments. The City's net investment in capital assets for governmental and business-type activities as of April 30, 2016 amounts to \$4.779 billion. This includes land, buildings, improvements, machinery and equipment, land improvements, monuments/fountains and other works of art, street surfacing, bridges/culverts, curbs, sidewalks, street lighting, traffic signals, signage, retaining walls, guard rails water and sewer lines, runways and aprons. The total increase in the City's net investment in capital assets, for fiscal year 2016 was 2.13% (a 0.77% increase for governmental activities and a 4.69% increase for business-type activities when comparing to the previous year's balance).

City of Kansas City, Missouri **Management's Discussion and Analysis** **April 30, 2016**

Major capital asset events during fiscal year 2016 included the following:

Total capital assets, net of depreciation and disposals, increased \$157.6 million.

Major capital asset events during fiscal year 2016 included the following:

Governmental capital assets, net of depreciation and disposals, increased by \$42.1 million. This calculation is composed of \$165.4 million in new asset expenditures less (\$82.0) million in depreciation less (\$53.2) million for loss on disposals and decreases to construction in progress plus \$11.9 million in assets donated to the City. The \$165.4 million is mainly due to \$47.0 million for the Downtown Streetcar project, \$16.8 million for the new East Patrol Police Campus, \$10.2 million for the ADA Compliance Project, \$36.4 million for fire vehicles and numerous smaller projects. The loss on disposal of assets and decreases to construction in process of (\$53.2) million is mostly due to the transfer of ownership of Chouteau Bridge to the State of Missouri (\$46.2) million, assets transferred to the Water Department (\$2.8) million and various other projects that were either cancelled or that appeared capitalizable at the beginning of the project but were deemed not capitalizable later in the project. The City received assets of \$11.9 million. These consisted mainly of \$6.7 million of Kansas City Zoo assets, and \$5.2 million for signals, streets, streetlights, curbs and sidewalks deeded to the City by developers.

Business type capital assets, net of depreciation and disposals, increased by \$115.5 million as follows:

- \$15.2 million net decrease for depreciation of aviation assets
- \$73.6 million net increase for water utility lines and improvements
- \$57.1 million net increase for sewer utility lines and improvements

During fiscal year 2016, the conditions of the City's three networks of infrastructure assets accounted for using the modified approach had the following changes:

The overall condition level of the roadway system went from 69.10 in FY 2015 to 58.27 in FY 2016 on a rating scale of 100, indicating the overall condition maintained a poor condition. The City's intent is to obtain an overall rating of not less than 60.

The overall condition level of the bridges went from 76.38 in FY 2015 to 76.98 in FY 2016 on a rating scale of 100, indicating the overall condition of better. The City's intent is that at least 75% of the bridges should be at a good or better condition (a condition level of 65 or better), with no more than 10% being in substandard condition (a condition level of less than 45).

The overall condition level of the street lighting went from 97.40 in FY 2015 to 98.46 in FY 2016 on a rating scale of 100, indicating the overall condition maintained a better condition. The City's intent is to obtain an overall rating of not less than 90 (indicating a condition of better) with no more than 10% being below the better condition rating.

During fiscal year 2016, the actual amount of dollars expended to preserve and maintain the roadway system, bridges and street lighting assets were 11.14%, 4.86% and 70.58% of the estimated amount needed, respectively.

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Capital Assets
(In thousands)

Additional information on the City's capital assets can be found in Note 6 on pages A-87 to A-90.

	Governmental Activities		Business-type Activities		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Land/permanent right of way	\$ 356,705	\$ 354,971	\$ 55,686	\$ 55,041	\$ 412,391	\$ 410,012
Works of art	399	499	-	-	399	499
Buildings & improvements	1,391,546	1,319,062	1,193,574	1,185,978	2,585,120	2,505,040
Monuments & fountains	125,848	124,665	-	-	125,848	124,665
Temporary right of way	35	633	-	-	35	633
Land improvements	331,936	311,915	-	-	331,936	311,915
Machinery and equipment	238,850	237,310	290,495	261,726	529,345	499,036
Infrastructure-modified	2,298,689	2,340,843	-	-	2,298,689	2,340,843
Infrastructure-depreciated	250,580	236,915	2,316,628	2,190,191	2,567,208	2,427,106
Accumulated depreciation	(903,620)	(831,328)	(1,518,309)	(1,433,710)	(2,421,929)	(2,265,038)
Construction in progress	203,590	157,017	188,581	151,880	392,171	308,897
Total	\$ 4,294,558	\$ 4,252,502	\$ 2,526,655	\$ 2,411,106	\$ 6,821,213	\$ 6,663,608

Long-term Debt

As of April 30, 2016, the City (the primary government) had total bonded debt outstanding of approximately \$2.714 billion. Of this amount, \$363.645 million was comprised of debt backed by the full faith and credit of the government. Additionally, the City has outstanding debt of \$1.300 billion of limited obligation revenue bonds. The remainder of the City's debt represents bonds secured solely by specified revenue sources of the water, sewer and airport systems totaling approximately \$1.051 billion.

Long-term Debt ⁽¹⁾
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Bonded debt outstanding:						
General obligation bonds	\$ 363,645	\$ 393,524	\$ -	\$ -	\$ 363,645	\$ 393,524
Revenue bonds	-	-	1,050,860	965,183	1,050,860	965,183
Limited obligation debt	1,299,551	1,168,769	-	-	1,299,551	1,168,769
Total	\$ 1,663,196	\$ 1,562,293	\$ 1,050,860	\$ 965,183	\$ 2,714,056	\$ 2,527,476

⁽¹⁾ Amounts are net of unamortized premium and discount

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The City's total debt increased from Fiscal Year 2014-15 by \$186.580 million primarily due to \$482.5 million in principal payments and refunding bonds, offset by the following bonds issued during the fiscal year ending April 30, 2016:

- \$42.195 million General Obligation Refunding Bonds, Series 2015A (Partial Advance Refunding of the General Obligation Improvement and Refunding Bonds, Series 2007A)
- \$183.740 million Sewer Revenue Improvement and Refunding Bonds, Series 2016A (Refunding Sewer Revenue Bonds Series 2005B and advance refunding of Sewer Revenue Bonds, Series 2007A)
- \$34.641 million Lease Purchase Agreement (Fire Fleet)
- \$1.261 million Master Lease Purchase Agreement (Copiers/Printers)
- \$2.805 million Master Lease Purchase Agreement (Ambulance Remounts)
- \$6.230 million Master Lease Purchase Agreement (City Fleet Vehicles)
- \$2.255 million Master Lease Purchase Agreement (Solid Waste Vehicles)
- \$3.726 million Master Lease Purchase Agreement (Smart Cities Project)
- \$60.590 million Special Obligation Improvement Bonds, Series 2016A (ADA Improvements, CAD/RMS Police System, Public Improvements, Park Administration Building Improvements, Urban Baseball Academy, Budget System, North Patrol Police Station and Furnishings Projects)
- \$33.520 million Taxable Special Obligation Improvement Bonds, Series 2016B (Two-Light Improvements, Linwood Shopping Center, Garage Parking Equipment, Building Demolition Program, Paseo Gateway Projects)
- \$31.125 million Special Obligation Refunding Bonds, Series 2016C (Current partial refunding of KCMAC Series 2006A Bonds and advance refunding of the Special Obligation Improvement and Refunding Bonds Series 2008A)
- \$25.650 million Special Obligation Refunding Bonds, Series 2016D (Advance refunding of Special Obligation Improvement Bonds Series 2008B)
- \$182.910 million Special Obligation Improvement and Refunding Bonds, Series 2016E (Advance refunding of Special Obligation Refunding Bonds, Series 2016E and Sprint Center Improvement Project)

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As of April 30, 2016, the City’s bond credit ratings are shown in the following table:

Type of Bonds Issued	Rating	Poor’s Rating	Moody’s Standard and Fitch’s Rating
General obligation bonds	Aa2	AA	AA
Kansas City, Missouri Special Obligation Bonds	A1	AA-	Not rated *
Water revenue bonds (senior lien bonds)	Aa2	AA+	Not rated
Sewer revenue bonds (junior lien bonds)	Aa2	AA	Not rated
Airport revenue bonds (senior lien bonds)	A2	A+	Not rated
Airport revenue bonds (subordinate lien bonds)	A3	A	A

*Some of the City’s annual appropriation pledge bonds are rated “A+” by Fitch.

Article VI, Sections 26(b) and (c) of the state constitution permits the City, by a vote of the qualified electors, to incur indebtedness for City purposes in an aggregate amount not to exceed 10% of the assessed value of property within the City. Article VI, Section 26(d) of the state constitution permits the City, by a vote of the qualified electors, to incur indebtedness for the purposes of acquiring rights-of-way, construction, extending and improving streets, avenues and sanitary or storm sewer systems in an aggregate amount not to exceed 10% of the assessed value of property within the City. Article VI, Section 26(e) of the state constitution permits the City, by a vote of the qualified electors, to incur indebtedness for the purposes of purchasing or constructing waterworks, electric or other light plants in an aggregate amount not to exceed 10% of the assessed value of property within the City. The aggregate limit of GO debt is 20% of the assessed value of property within the City.

The City’s constitutional debt limit calculated as of April 30, 2016 is \$1.43 billion. The City’s current legal debt margin is \$1.094 billion, which takes into account outstanding general obligation bonds less debt service fund balances, which net to \$346 million. Additional information regarding the City’s long-term debt can be found in Note 7 on pages A-91 to A-125 of this report.

Economic Factors and Next Year’s Budgets and Rates

- Per the Bureau of Labor Statistics, the unemployment rate, not seasonally adjusted data for Kansas City calculated using a seven-month average from January 2016 through July 2016, was 4.9%, which is 1.56 percentage points lower than the same average rate one year ago. This compares to the state and national unemployment rates of 4.69% and 5.0%, respectively.
- Inflationary trends in the Kansas City metropolitan statistical area from the first half of 2014 to the first half of 2016 per the Consumer Price Index – all urban consumers (CPI-U), not seasonally adjusted data reflect a 0.6% decrease in the region as compared to national indices of a 0.2% decrease from April 2014 to April 2016.

All of these factors are considered in preparing the City’s budget.

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Controller's Office, 414 East 12th Street, Suite 302, Kansas City, Missouri 64106 or by emailing finance@kcmo.org.

City of Kansas City, Missouri

Statement of Net Position

April 30, 2016

(In thousands of dollars)

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business- Type Activities	Total	
Assets				
Cash and investments	\$ 277,535	\$ 370,720	\$ 648,255	\$ 12,072
Receivables, net				
Taxes	106,496	-	106,496	-
Accounts	22,894	58,322	81,216	1,570
Interest	644	731	1,375	6
Other	1,718	5,381	7,099	3,503
Special assessments-net	1,894	-	1,894	-
Due from other governments	12,757	1,056	13,813	3,202
Due from primary government	-	-	-	1,344
Due from component units	3,583	-	3,583	-
Inventories	-	5,239	5,239	2,088
Prepaid items	-	628	628	-
Prepaid bond insurance	1,353	2,161	3,514	-
Other assets	-	-	-	40,345
 Restricted assets				
Cash and short-term investments	179,665	453,938	633,603	92,531
Due from primary government	-	-	-	23,723
Accounts receivable	-	3,809	3,809	10,848
Accrued interest receivable	-	873	873	-
Net long-term lease receivable	-	-	-	-
Capital assets, nondepreciable	2,859,383	244,267	3,103,650	18,199
Capital assets, depreciable, net	1,435,175	2,282,388	3,717,563	42,783
 Total assets	4,903,097	3,429,513	8,332,610	252,214
 Deferred Outflows of Resources				
Items related to pension plans	95,206	8,501	103,707	-
Accumulated decrease in fair value of hedging derivatives	29,501	-	29,501	-
Deferred charge on refunding of bonds	53,787	5,972	59,759	561
 Total deferred outflows of resources	178,494	14,473	192,967	561

City of Kansas City, Missouri

Statement of Net Position

April 30, 2016

(In thousands of dollars)

	Primary Government			Discretely Component
	Governmental Activities	Business-Presented		
		Type Activities	Total Units	
Liabilities				
Accounts payable	\$ 48,312	\$ 34,679	\$ 82,991	\$ 4,551
Other accrued items	47,485	6,963	54,448	3,430
Construction contracts and retainages payable	3,000	5,803	8,803	-
Internal balances	4,211	(4,211)	-	-
Prepaid lease revenue	-	2,746	2,746	-
Due to primary government	-	-	-	3,583
Due to component units	1,344	-	1,344	-
Unearned revenue	1,383	-	1,383	4,816
Accrued interest	87,410	13,136	100,546	3,112
Other liabilities	34,720	426	35,146	5,811
Long-term liabilities				
Due within one year	101,014	64,045	165,059	72,160
Claims payable due within one year	14,567	5,217	19,784	1,142
Due in more than one year	1,597,969	996,489	2,594,458	582,542
Claims payable due in more than one year	40,778	14,519	55,297	11,391
Net pension liability	569,038	36,904	605,942	-
Other postemployment benefits due in more than one year	56,584	15,083	71,667	29,493
Total liabilities	2,607,815	1,191,799	3,799,614	722,031
Deferred Inflows of Resources				
Deferred gain on refunding of bonds	-	325	325	-
Items related to pension plans	4,584	4,497	9,081	-
Deferred revenue from licenses, permits and franchises	11,494	-	11,494	-
Total deferred inflows of resources	16,078	4,822	20,900	-
Net Position (Deficit)				
Net investment in capital assets	3,077,258	1,701,705	4,778,963	60,364
Restricted for				
Grants	567	-	567	-
Principal and interest	58,848	131,600	190,448	115,550
Insurance reserves	800	-	800	-
Aviation operations	-	83,666	83,666	-
Special programs	-	-	-	46,441
Unrestricted (deficit)	(679,775)	330,394	(349,381)	(691,611)
Total net position (deficit)	\$ 2,457,698	\$ 2,247,365	\$ 4,705,063	\$ (469,256)

See Notes to Basic Financial Statements A-24

City of Kansas City, Missouri

Statement of Activities

Year Ended April 30, 2016

(In thousands of dollars)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 121,497	\$ 165,303	\$ 59,825	\$ -
Public safety	461,866	60,192	2,780	-
Public works	209,041	13,723	1,679	32,571
Neighborhood development	56,294	25,197	17,800	-
Health	54,356	3,780	11,974	-
Culture and recreation	66,167	9,386	2,385	6,678
Convention facilities	45,447	9,058	2,766	8
Economic development	12,213	5,029	-	-
Unallocated depreciation	1,283	-	-	-
Interest on long-term debt and amortization of bond insurance	75,141	-	-	-
Total governmental activities	1,103,305	291,668	99,209	39,257
Business-type activities				
Water	103,390	155,209	-	3,189
Kansas City airports	143,386	155,885	-	14,056
Sewer	133,821	193,608	-	6,717
Total business-type activities	380,597	504,702	-	23,962
Total primary government	\$ 1,483,902	\$ 796,370	\$ 99,209	\$ 63,219
Total component units	\$ 378,561	\$ 14,831	\$ 247,263	\$ 7,898
General Revenues				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Earnings and profits taxes				
Sales taxes				
Local option use taxes				
Hotel and restaurant taxes				
Gaming taxes				
Railroad and utility taxes				
Cigarette taxes				
Tax increment financing revenues				
Investment earnings				
Other				
Total general revenues				
Change in net position				
Net Position, Beginning of Year, as previously reported				
Adjustment for Restatement (GASB Nos. 68 and 71)				
Net Position, Beginning of Year, as restated				
Net Position, End of Year				

**Net (Expenses) Revenues and
Changes in Net Position**

Primary Government			Discretely Presented Component Units
Governmental Activities	Business- Type Activities	Total	
\$ 103,631	\$ -	\$ 103,631	\$ -
(398,894)	-	(398,894)	-
(161,068)	-	(161,068)	-
(13,297)	-	(13,297)	-
(38,602)	-	(38,602)	-
(47,718)	-	(47,718)	-
(33,615)	-	(33,615)	-
(7,184)	-	(7,184)	-
(1,283)	-	(1,283)	-
(75,141)	-	(75,141)	-
(673,171)	-	(673,171)	-
-	55,008	55,008	-
-	26,555	26,555	-
-	66,504	66,504	-
-	148,067	148,067	-
(673,171)	148,067	(525,104)	-
			(108,569)
108,060	-	108,060	-
10,313	-	10,313	-
220,451	-	220,451	-
217,301	-	217,301	744
38,144	-	38,144	-
47,836	-	47,836	-
13,494	-	13,494	-
6,766	-	6,766	-
2,585	-	2,585	-
-	-	-	114,433
1,949	5,172	7,121	168
-	-	-	762
666,899	5,172	672,071	116,107
(6,272)	153,239	146,967	7,538
2,885,729	2,117,859	5,003,588	(581,767)
(421,759)	(23,733)	(445,492)	-
2,463,970	2,094,126	4,558,096	(476,794)
\$ 2,457,698	\$ 2,247,365	\$ 4,705,063	\$ (469,256)

See Notes to Basic Financial Statements A-26

City of Kansas City, Missouri
Governmental Funds Balance Sheet
April 30, 2016
(In thousands of dollars)

	Capital Improvements Funds		Nonmajor Governmental Funds		Total
	General	Funds	Funds	Funds	Funds
Assets					
Cash and cash equivalents	\$ 72,591	\$ 68,016	\$ 130,887	\$ 271,494	
Receivables					
Taxes	67,219	13,122	41,715	122,056	
Municipal court	4,327	-	-	4,327	
Accounts	52,581	-	1,676	54,257	
Special assessments	7,592	-	5,118	12,710	
Interest and dividends	490	5	135	630	
Other	76	-	14	90	
Allowance for uncollectible receivables	(51,107)	-	(11,984)	(63,091)	
Due from other governments	-	4,214	8,543	12,757	
Due from other funds	385	12,413	1,450	14,248	
Due from component units	3,583	-	-	3,583	
Restricted assets - cash and short-term investments	834	-	178,831	179,665	
	<u>\$ 158,571</u>	<u>\$ 97,770</u>	<u>\$ 356,385</u>	<u>\$ 612,726</u>	
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 17,369	\$ 7,418	\$ 23,525	\$ 48,312	
Other accrued items	6,271	78	3,033	9,382	
Construction contracts and retainages payable	-	1,174	1,826	3,000	
Due to other funds	6,046	-	10,785	16,831	
Due to fiduciary funds	11,607	4,805	10,160	26,572	
Due to component units	1,314	-	30	1,344	
Advanced revenue	-	-	1,383	1,383	
Other liabilities	-	-	5,219	5,219	
Total liabilities	<u>42,607</u>	<u>13,475</u>	<u>55,961</u>	<u>112,043</u>	
Deferred Inflows of Resources					
Taxes	32,739	-	2,523	35,262	
Licenses, permits and franchises	8,704	-	1,324	10,028	
Fines and forfeitures	363	-	-	363	
Charges for services	5,769	-	-	5,769	
Intergovernmental revenue	-	2,472	3,418	5,890	
Special assessments	2,705	-	1,122	3,827	
Other	182	-	29	211	
Total deferred inflows of resources	<u>50,462</u>	<u>2,472</u>	<u>8,416</u>	<u>61,350</u>	
Fund Balances					
Restricted	800	-	248,753	249,553	
Committed	45,200	49,540	80	94,820	
Assigned	19,502	32,283	43,450	95,235	
Unassigned	-	-	(275)	(275)	
Total fund balances	<u>65,502</u>	<u>81,823</u>	<u>292,008</u>	<u>439,333</u>	
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 158,571</u>	<u>\$ 97,770</u>	<u>\$ 356,385</u>	<u>\$ 612,726</u>	

City of Kansas City, Missouri
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
April 30, 2016
(In thousands of dollars)

Fund balances—total governmental funds	\$	439,333
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Governmental capital assets	\$	5,198,178
Less: accumulated depreciation		(903,620)
Net effect of capital assets		4,294,558
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due		(87,410)
Revenues that are deferred in the governmental funds due to the City not receiving cash within sixty days are not available to pay current-period expenditures and, therefore, are not recorded in the funds		49,856
Prepaid bond insurance, net of related amortization, is not recorded as an asset in the governmental funds		1,353
Deferred charges on refunding of bonds, net of related amortization, are not recorded as a deferred outflow in the governmental funds		53,787
Deferred inflows and outflows of resources in Government Activities related to pensions are not recorded in the fund statements		90,622
Accumulated net decrease in fair value of hedging derivatives are not reported in the governmental funds		29,501
Interest rate swap liabilities and assets are not reported in the governmental funds		(29,501)
Long-term obligations, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds and notes payable	(1,595,558)	
Unamortized premium on bond issues	(70,675)	
Deferred discount on bond issues	3,037	
Net pension liability	(569,038)	
Other postemployment benefit obligations	(56,584)	
Compensated absences	(35,787)	
Claims payable	(55,345)	
Net effect of long-term obligations		(2,379,950)
Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position		(4,451)
Net position of governmental activities	\$	2,457,698

City of Kansas City, Missouri
Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended April 30, 2016
(In thousands of dollars)

	General	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 331,724	\$ 70,637	\$ 266,395	\$ 668,756
Licenses, permits and franchises	116,013	-	25,278	141,291
Fines and forfeitures	14,222	-	1,977	16,199
Rents and concessions	1,016	-	15,072	16,088
Investment income and interest	1,154	24	725	1,903
Charges for services	61,422	2,529	25,270	89,221
Intergovernmental revenues	4,158	9,013	76,351	89,522
Special assessments	387	-	9,742	10,129
Contributions	2,255	1,677	3,838	7,770
Other	5,955	662	7,944	14,561
Total revenues	538,306	84,542	432,592	1,055,440
Expenditures				
Current				
General government	100,455	8,258	15,390	124,103
Fire	149,433	-	3,516	152,949
Public works	25,651	21,039	42,508	89,198
Neighborhood development	22,126	885	30,475	53,486
Health	-	-	53,286	53,286
Culture and recreation	2,642	2,828	39,658	45,128
Convention facilities	-	-	31,423	31,423
Economic development	-	-	12,212	12,212
Police	209,006	-	9,598	218,604
Intergovernmental				
KCATA	-	-	56,386	56,386
Debt service				
Principal retirement	-	-	82,029	82,029
Interest	-	-	61,696	61,696
Fiscal agent fees	-	-	1,828	1,828
Bond issue costs	-	-	1,714	1,714
Capital outlay				
Public works	-	14,662	58,482	73,144
Health	-	-	130	130
Culture and recreation	122	8,849	5,587	14,558
Convention facilities	-	-	3,153	3,153
Neighborhood development	-	591	1,327	1,918
Fire	-	-	36,765	36,765
General government	544	602	34,632	35,778
Total expenditures	509,979	57,714	581,795	1,149,488
Excess (deficiency) of revenues over expenditures	28,327	26,828	(149,203)	(94,048)
Other Financing Sources (Uses)				
Transfers in	40,079	2,381	129,828	172,288
Transfers out	(55,114)	(24,106)	(93,068)	(172,288)
Issuance of debt	-	-	150,854	150,854
Premium on bond issue	-	-	8,814	8,814
Discount on bond issue	-	-	(67)	(67)
Issuance of refunding debt	-	-	276,055	276,055
Premium on refunding bond issue	-	-	38,902	38,902
Discount on refunding bond issue	-	-	(358)	(358)
Payment to refunding bond escrow agent	-	-	(312,627)	(312,627)
Other financing sources (uses), net	(15,035)	(21,725)	198,333	161,573
Net change in fund balances	13,292	5,103	49,130	67,525
Fund Balances, Beginning of Year	52,210	76,720	242,878	371,808
Fund Balances, End of Year	\$ 65,502	\$ 81,823	\$ 292,008	\$ 439,333

See Notes to Basic Financial Statements A-29

City of Kansas City, Missouri
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
Year Ended April 30, 2016
(In thousands of dollars)

Net change in fund balances—total governmental funds	\$	67,525
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which capital outlays exceeded depreciation in the current period:		
Capital outlay	\$	165,446
Depreciation		(82,042)
Capital outlay- loss on disposal of assets and decreases to construction in progress balances		(53,226)
Contributions of capital assets do not provide current financial resources and are not reported as revenues in the funds		11,878
Net effect of capital assets		42,056
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		13,273
Expenses in the statement of activities that do not use current financial resources are not reported as expenditures in the funds		(17,010)
Interest expense on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due:		
Change in accrued interest payable		(9,674)
The issuance of long-term debt (for example, bonds, notes and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt:		
Bond and note proceeds, including premium/discount	(474,200)	
Repayment of principal (bonds, loans, capitalized lease obligations)	82,029	
Defeasance of debt refunding	312,627	
Defeasance of debt refunding - interest component	(23,632)	
Amortization of premium/discount, net	2,273	
Amortization of prepaid bond insurance	(992)	
Amortization of deferred charge on refunding	(7,270)	
Deferred charge on refunding	29,395	
Net effect of long-term debt	(79,770)	
Long-term obligations are not payable from current financial resources and are not reported as liabilities of the governmental funds		
Change in net pension liability	(32,350)	
Change in deferred inflows and outflows related to pension plans	23,385	
Change in other postemployment benefits	(2,354)	
Change in claims payable	(3,065)	
Change in compensated absences	(4,378)	
Net effect of other long-term obligations	(18,762)	
Net effect of all long-term obligations		(98,532)
Internal service funds are used by management to charge the costs of various activities internally to individual funds. The change in net position of certain activities of internal service funds is reported with governmental activities		(3,910)
Change in net position of governmental activities	\$	(6,272)

See Notes to Basic Financial Statements A-30

City of Kansas City, Missouri
Proprietary Funds Statement of Net Position
April 30, 2016
(In thousands of dollars)

	Business-type Activities—Enterprise Funds				Governmental Activities Internal Service Fund KCMO Healthcare
	Water	Kansas City AirportsSewer		Total	
Assets					
Current Assets					
Cash and cash equivalents	\$ 1,483	\$ 1,384	\$ 2,112	\$ 4,979	\$ 6,041
Investments	18,375	16,962	26,296	61,633	-
Receivables					
Accounts	32,329	6,786	43,377	82,492	2,492
Interest and dividends	233	228	270	731	14
Allowance for uncollectible receivables	(12,172)	(203)	(11,795)	(24,170)	-
Notes receivable - current	484	-	-	484	-
Due from other governments	-	1,056	-	1,056	-
Due from other funds	326	1,484	4	1,814	-
Prepaid items	-	628	-	628	-
Inventories	3,709	699	831	5,239	-
Total unrestricted assets	<u>44,767</u>	<u>29,024</u>	<u>61,095</u>	<u>134,886</u>	<u>8,547</u>
Restricted assets					
Cash and cash equivalents	933	1,605	5,932	8,470	-
Investments	11,622	20,231	133,698	165,551	-
Accounts receivable	-	3,424	-	3,424	-
Interest receivable	235	272	366	873	-
Total restricted assets	<u>12,790</u>	<u>25,532</u>	<u>139,996</u>	<u>178,318</u>	<u>-</u>
Total current assets	<u>57,557</u>	<u>54,556</u>	<u>201,091</u>	<u>313,204</u>	<u>8,547</u>
Noncurrent Assets					
Restricted assets—investments	98,559	99,811	81,547	279,917	-
Investments	90,690	83,683	129,735	304,108	-
Notes receivable	4,897	-	-	4,897	-
Due from other funds	-	3,012	-	3,012	-
Capital assets, nondepreciable	89,046	50,842	104,379	244,267	-
Capital assets, depreciable, net	812,695	506,393	963,300	2,282,388	-
Unrestricted accounts receivable, net	-	385	-	385	-
Prepaid bond insurance, net	2,043	118	-	2,161	-
Total noncurrent assets	<u>1,097,930</u>	<u>744,244</u>	<u>1,278,961</u>	<u>3,121,135</u>	<u>-</u>
Total assets	<u>1,155,487</u>	<u>798,800</u>	<u>1,480,052</u>	<u>3,434,339</u>	<u>8,547</u>
Deferred Outflows of Resources					
Deferred loss on refunding of bonds	2,849	1,691	1,432	5,972	-
Items related to pension plan	3,082	2,818	2,601	8,501	-
Total deferred outflows of resources	<u>5,931</u>	<u>4,509</u>	<u>4,033</u>	<u>14,473</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,161,418</u>	<u>\$ 803,309</u>	<u>\$ 1,484,085</u>	<u>\$ 3,448,812</u>	<u>\$ 8,547</u>

City of Kansas City, Missouri
Proprietary Funds Statement of Net Position (Continued)
April 30, 2016
(In thousands of dollars)

	Business-type Activities—Enterprise Funds				Governmental Activities Internal Service Fund KCMO Healthcare
	Water	Kansas City		Total	
		Airports	Sewer		
Liabilities					
Current liabilities					
Accounts payable	\$ 12,167	\$ 6,795	\$ 14,952	\$ 33,914	\$ -
Compensated absences	900	640	683	2,223	-
Other accrued expense	1,520	1,168	1,547	4,235	12,998
Other accrued liabilities	-	313	-	313	-
Other liabilities	313	-	113	426	-
Due to other funds	385	-	230	615	-
Prepaid lease revenue	-	2,746	-	2,746	-
Claims payable	2,893	779	1,545	5,217	-
Total liabilities payable from unrestricted assets	<u>18,178</u>	<u>12,441</u>	<u>19,070</u>	<u>49,689</u>	<u>12,998</u>
Liabilities payable from restricted assets					
Accounts payable	-	765	-	765	-
Matured bonds and coupons	-	289	-	289	-
Accrued interest and fiscal agent fees	6,199	1,651	5,286	13,136	-
Customer deposits and other liabilities	2,439	-	-	2,439	-
Construction contracts and retainages payable	3,808	-	1,995	5,803	-
Revenue bonds, portion due within one year	16,485	23,530	21,494	61,509	-
Total liabilities payable from restricted assets	<u>28,931</u>	<u>26,235</u>	<u>28,775</u>	<u>83,941</u>	<u>-</u>
Total current liabilities	<u>47,109</u>	<u>38,676</u>	<u>47,845</u>	<u>133,630</u>	<u>12,998</u>
Noncurrent liabilities					
Compensated absences	2,793	1,938	1,886	6,617	-
Net pension liability	13,380	12,233	11,291	36,904	-
Claims payable	8,175	2,116	4,228	14,519	-
Postretirement liability	5,404	5,117	4,562	15,083	-
Other accrued liabilities	-	521	-	521	-
Revenue bonds, less current portion	358,217	185,751	445,383	989,351	-
Total noncurrent liabilities	<u>387,969</u>	<u>207,676</u>	<u>467,350</u>	<u>1,062,995</u>	<u>-</u>
Total liabilities	<u>435,078</u>	<u>246,352</u>	<u>515,195</u>	<u>1,196,625</u>	<u>12,998</u>
Deferred Inflows of Resources					
Deferred gain on refunding of bonds	-	325	-	325	-
Items related to pension plan	1,471	1,508	1,518	4,497	-
Total deferred inflows of resources	<u>1,471</u>	<u>1,833</u>	<u>1,518</u>	<u>4,822</u>	<u>-</u>
Net Position					
Net investment in capital assets	593,544	347,574	760,587	1,701,705	-
Restricted - expendable					
Principal and interest	37,103	38,973	55,524	131,600	-
Airline operations	-	83,666	-	83,666	-
Unrestricted	94,222	84,911	151,261	330,394	(4,451)
Total net position	<u>724,869</u>	<u>555,124</u>	<u>967,372</u>	<u>2,247,365</u>	<u>(4,451)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,161,418</u>	<u>\$ 803,309</u>	<u>\$ 1,484,085</u>	<u>\$ 3,448,812</u>	<u>\$ 8,547</u>

See Notes to Basic Financial Statements A-32

City of Kansas City, Missouri
Proprietary Funds Statement of Revenues, Expenses
and Changes in Fund Net Position
Year Ended April 30, 2016
(In thousands of dollars)

	<u>Business-type Activities—Enterprise Funds</u>				Governmental Activities Internal Service Fund KCMO Healthcare
	<u>Water</u>	<u>Kansas City</u>			
		<u>Airports</u>	<u>Sewer</u>	<u>Total</u>	
Operating Revenues					
Charges for services	\$ 149,026	\$ 125,661	\$ 188,815	\$ 463,502	\$ 63,834
Other	6,183	1,589	4,793	12,565	59
Total operating revenues	<u>155,209</u>	<u>127,250</u>	<u>193,608</u>	<u>476,067</u>	<u>63,893</u>
Operating Expenses					
Salaries, wages and employee benefits	30,448	29,512	30,350	90,310	99
Supplies and materials	10,341	4,579	8,664	23,584	-
Utilities	9,339	-	9,725	19,064	-
Contractual services	13,319	48,655	35,499	97,473	626
Repairs and maintenance	10,971	-	8,771	19,742	-
Insurance	2,364	-	1,798	4,162	3,759
Claims	-	-	-	-	60,669
Claims-administration	-	-	-	-	2,203
Depreciation and amortization	17,222	52,936	28,559	98,717	-
Other	(282)	-	(371)	(653)	484
Total operating expenses	<u>93,722</u>	<u>135,682</u>	<u>122,995</u>	<u>352,399</u>	<u>67,840</u>
Operating income (loss)	<u>61,487</u>	<u>(8,432)</u>	<u>70,613</u>	<u>123,668</u>	<u>(3,947)</u>
Nonoperating Revenues (Expenses)					
Investment income	1,517	1,602	2,053	5,172	37
Interest expense and fiscal agent fees	(9,554)	(7,704)	(10,798)	(28,056)	-
Passenger facility charges	-	20,698	-	20,698	-
Customer facility charges	-	7,013	-	7,013	-
Grants	-	212	-	212	-
Other revenue	-	712	-	712	-
Other expense	(114)	-	(28)	(142)	-
Total nonoperating revenues (expenses), net	<u>(8,151)</u>	<u>22,533</u>	<u>(8,773)</u>	<u>5,609</u>	<u>37</u>
Income (loss) before capital contributions	53,336	14,101	61,840	129,277	(3,910)
Capital contributions	3,189	14,056	6,717	23,962	-
Change in net position	<u>56,525</u>	<u>28,157</u>	<u>68,557</u>	<u>153,239</u>	<u>(3,910)</u>
Net Position, Beginning of Year, as originally reported	676,815	534,644	906,400	2,117,859	(541)
Adjustment for Restatement (GASB Nos. 68 and 71)	(8,471)	(7,677)	(7,585)	(23,733)	-
Net Position, Beginning of Year, as Restated	<u>668,344</u>	<u>526,967</u>	<u>898,815</u>	<u>2,094,126</u>	<u>(541)</u>
Net Position, End of Year	<u>\$ 724,869</u>	<u>\$ 555,124</u>	<u>\$ 967,372</u>	<u>\$ 2,247,365</u>	<u>\$ (4,451)</u>

City of Kansas City, Missouri
Proprietary Funds Statement of Cash Flows
Year Ended April 30, 2016
(In thousands of dollars)

	Business-type Activities—Enterprise Funds				Governmental Activities Internal Service Fund KCMO Healthcare
	Water	Kansas City AirportsSewerTotal			
Operating Activities					
Cash received from customers	\$ 147,369	\$ 126,778	\$ 186,388	\$ 460,535	\$ 63,234
Receipts from interfund services provided	5,766	-	457	6,223	-
Cash paid to employees, including benefits	(30,777)	(30,282)	(30,865)	(91,924)	(74)
Cash paid to suppliers	(50,506)	(49,646)	(61,149)	(161,301)	(60,463)
Cash paid for interfund services used	(7,202)	(7,822)	(10,683)	(25,707)	-
Other cash paid for operations	-	-	-	-	(1,109)
Net cash provided by operating activities	<u>64,650</u>	<u>39,028</u>	<u>84,148</u>	<u>187,826</u>	<u>1,588</u>
Noncapital Financing Activities					
Payments received on loan to Capital Improvements Fund	2,500	-	-	2,500	-
Payments received on loan to General Fund	-	365	-	365	-
Proceeds from operating grants	-	212	-	212	-
Net cash provided by noncapital financing activities	<u>2,500</u>	<u>577</u>	<u>-</u>	<u>3,077</u>	<u>-</u>
Capital and Related Financing Activities					
Acquisition and construction of capital assets	(72,867)	(36,006)	(66,664)	(175,537)	-
Proceeds from issuance of revenue bonds and notes, net of premium and discount	-	-	202,474	202,474	-
Proceeds from capital contributions	-	14,389	-	14,389	-
Principal paid on revenue bond maturities, notes and equipment contracts	(31,484)	(22,435)	(18,282)	(72,201)	-
Interest and fiscal agent fees paid on revenue bonds, notes and equipment contracts	(14,843)	(10,418)	(15,502)	(40,763)	-
Refunding of bond principal	-	-	(39,295)	(39,295)	-
Proceeds from sale of capital assets	100	25	203	328	-
Debt issuance costs	-	-	96	96	-
Proceeds from repayment of notes receivable	457	-	-	457	-
Community improvement district collections	-	509	-	509	-
Passenger facility charges	-	20,698	-	20,698	-
Customer facility charges	-	7,013	-	7,013	-
Net cash provided by (used in) capital and related financing activities	<u>(118,637)</u>	<u>(26,225)</u>	<u>63,030</u>	<u>(81,832)</u>	<u>-</u>
Investing Activities					
Purchase of investments	(249,926)	(149,531)	(247,671)	(647,128)	-
Proceeds from sales and maturities of investments	292,778	126,538	91,914	511,230	-
Interest and dividends on investments	1,180	1,823	1,641	4,644	35
Net cash provided by (used in) investing activities	<u>44,032</u>	<u>(21,170)</u>	<u>(154,116)</u>	<u>(131,254)</u>	<u>35</u>
Net increase (decrease) in cash and cash equivalents	<u>(7,455)</u>	<u>(7,790)</u>	<u>(6,938)</u>	<u>(22,183)</u>	<u>1,623</u>
Cash and Cash Equivalents, Beginning of Year	<u>9,871</u>	<u>10,779</u>	<u>14,982</u>	<u>35,632</u>	<u>4,418</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,416</u>	<u>\$ 2,989</u>	<u>\$ 8,044</u>	<u>\$ 13,449</u>	<u>\$ 6,041</u>
Components of Cash and Cash Equivalents, End of Fiscal Year					
Unrestricted	\$ 1,483	\$ 1,384	\$ 2,112	\$ 4,979	\$ 6,041
Restricted	933	1,605	5,932	8,470	-
	<u>\$ 2,416</u>	<u>\$ 2,989</u>	<u>\$ 8,044</u>	<u>\$ 13,449</u>	<u>\$ 6,041</u>

See Notes to Basic Financial Statements A-34

City of Kansas City, Missouri
Proprietary Funds Statement of Cash Flows (Continued)
Year Ended April 30, 2016
(In thousands of dollars)

	<u>Business-type Activities—Enterprise Funds</u>				<u>Governmental Activities Internal Service Fund KCMO Healthcare</u>
	<u>Water</u>	<u>Kansas City AirportsSewerTotal</u>			
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 61,487	\$ (8,432)	\$ 70,613	\$ 123,668	\$ (3,947)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation and amortization	17,222	52,936	28,559	98,717	-
Changes in assets and liabilities					
Decrease (increase) in accounts receivables	(1,824)	216	(6,773)	(8,381)	(390)
Decrease (increase) in inventories	(1,167)	23	(362)	(1,506)	-
Decrease (increase) in prepaid items	-	(1)	-	(1)	-
Decrease (increase) in due to and from other funds, net	(331)	-	241	(90)	-
Increase (decrease) in current liabilities, excluding debt obligations	(10,547)	(4,511)	(7,448)	(22,506)	5,925
Increase (decrease) in prepaid lease revenue	-	(347)	-	(347)	-
Increase (decrease) in other post employment obligation	216	100	187	503	-
Increase (decrease) in pension liability	(1,004)	(1,002)	(991)	(2,997)	-
Increase (decrease) in claims liability	598	75	200	873	-
Increase (decrease) in other accrued expenses	-	(29)	(78)	(107)	-
Total adjustments	<u>3,163</u>	<u>47,460</u>	<u>13,535</u>	<u>64,158</u>	<u>5,535</u>
Net cash provided by operating activities	<u>\$ 64,650</u>	<u>\$ 39,028</u>	<u>\$ 84,148</u>	<u>\$ 187,826</u>	<u>\$ 1,588</u>
Noncash activities					
Contributions of capital assets	\$ 3,188	\$ -	\$ 6,716	\$ 9,904	\$ -
Change in fair value of investments	(344)	(168)	(368)	(880)	-
Accounts payable incurred for the purchase of capital assets	11,025	3,310	12,346	26,681	-

City of Kansas City, Missouri
Fiduciary Funds Statement of Fiduciary Net Position
April 30, 2016
(In thousands of dollars)

	Private		
	Pension Purpose Agency		
	Trusts	Trusts	Funds
Assets	Trusts	Trusts	Funds
Cash and cash equivalents	\$ 37	\$ 875	\$ 6,851
Investments			
U.S. government securities	54,873	-	-
Municipal bonds	4,041	-	-
Corporate bonds and notes	151,582	-	-
Common and preferred stock	335,587	-	-
All country world index fund	124,205	-	-
Equity funds	94,281	-	-
Government mortgage-backed securities	46,873	-	-
Government agency fund	72,820	-	-
Asset-backed securities	1,139	-	-
Commercial mortgage-backed securities	175	-	-
Partnerships-equity	34,750	-	-
Partnerships-fixed income	28,497	-	-
Partnerships-real estate	54,077	-	-
Real estate funds	116,718	-	-
Short-term investment funds	58,150	-	-
Foreign equities	59,442	-	-
Foreign debt obligations	1,011	-	-
Emerging market equities	22,908	-	-
Collective trusts—equities	628,109	-	-
Collective trusts—fixed income	229,226	-	-
Collective trusts—hedge funds	71,285	-	-
Collective trust—real estate	84,774	-	-
International small cap equity funds	11,806	-	-
Hedge fund of funds	93,175	-	-
Receivables			
Interest and dividends	3,003	2	2
Accounts receivable	-	-	1,442
Other	6,904	-	18
Due from other funds	2,848	-	23,724
Securities lending collateral	171,626	-	-
Other assets	2	-	-
Total assets	<u>2,563,924</u>	<u>877</u>	<u>32,037</u>
Liabilities			
Accounts payable	8,736	-	24,395
Due to other funds	-	-	1,628
Securities lending collateral	171,626	-	-
Deposits	-	-	6,014
Total liabilities	<u>180,362</u>	<u>-</u>	<u>32,037</u>
Net Position			
Net position restricted for pensions and other purposes	<u>\$ 2,383,562</u>	<u>\$ 877</u>	<u>\$ -</u>

City of Kansas City, Missouri
Fiduciary Funds Statement of Changes in Fiduciary Net Position
Year Ended April 30, 2016
(In thousands of dollars)

	Pension Purpose Trusts	Private Trusts
Additions		
City contributions	\$ 79,168	\$ 1
Employee contributions	27,039	-
Total contributions	<u>106,207</u>	<u>1</u>
Investment income (expense)		
Investment income	36,496	4
Net depreciation in fair value of investments	(61,638)	-
Investment expense	(12,836)	-
Securities lending income	859	-
Securities lending expense	(330)	-
Net investment income	<u>(37,449)</u>	<u>4</u>
Contributions	-	1
Total additions	<u>68,758</u>	<u>5</u>
Deductions		
Pension benefits	165,313	-
Employee refunds	7,480	-
Administrative expense	1,355	-
Nondepartmental	-	56
Total deductions	<u>174,148</u>	<u>56</u>
Net decrease	<u>(105,390)</u>	<u>(51)</u>
Net Position, Restricted for Pensions and Other Purposes		
Beginning of Year	<u>2,488,952</u>	<u>928</u>
Net Position, Restricted for Pensions and Other Purposes		
End of Year	<u><u>\$ 2,383,562</u></u>	<u><u>\$ 877</u></u>

City of Kansas City, Missouri
Discretely Presented Component Units Combining Statement of Net Position
April 30, 2016
(In thousands of dollars)

Assets	TaxLand ClearancePort EconomicIncrementforAuthority of DevelopmentFinancingRedevelopmentKansas City,Police CorporationCommissionAuthorityMissouriDepartmentOtherTotal														
	\$		\$		\$		\$		\$						
Cash and short-term investments	\$	2,183	\$	811	\$	280	\$	2,259	\$	4,189	\$	2,350	\$	12,072	
Receivables															
Accounts		870		-		65		342		293		-		1,570	
Notes		503		-		1,394		-		-		-		1,897	
Interest		2		-		-		-		1		3		6	
Other		-		-		-		-		4		1,602		1,606	
Due from other governments		-		-		-		-		3,202		-		3,202	
Due from primary government		-		-		46		-		1,298		-		1,344	
Inventories		-		-		-		-		2,036		52		2,088	
Restricted assets															
Cash and short-term investments		-		87,502		-		2,693		1,621		715		92,531	
Due from primary government		-		23,723		-		-		-		-		23,723	
Receivables		-		10,848		-		-		-		-		10,848	
Capital assets, nondepreciable		-		1,059		1,900		15,240		-		-		18,199	
Capital assets, depreciable, net		64		-		2,055		8,958		31,706		-		42,783	
Assets held for redevelopment		-		-		569		-		-		39,258		39,827	
Other assets		121		-		10		48		-		339		518	
Total assets		3,743		123,943		6,319		29,540		44,350		44,319		252,214	
Deferred Outflows of Resources															
Deferred charge on refunding of bonds		-		561		-		-		-		-		561	
Liabilities															
Accounts payable		166		3,577		216		155		171		266		4,551	
Interest payable		-		3,112		-		-		-		-		3,112	
Compensated absences—current		-		-		-		-		8,692		-		8,692	
Claims payable—current		-		-		-		-		1,142		-		1,142	
Current maturities of debt		-		63,430		-		38		-		-		63,468	
Other accrued expense		167		-		-		-		2,829		434		3,430	
Due to primary government		-		-		1,486		-		2,097		-		3,583	
Compensated absences—noncurrent		-		-		-		-		35,339		-		35,339	
Unearned revenue		313		3,791		8		590		72		42		4,816	
Long-term debt		-		546,687		-		516		-		-		547,203	
Net OPEB obligation		-		-		-		-		29,493		-		29,493	
Claims payable		-		-		-		-		11,391		-		11,391	
Other liabilities		-		651		1		919		240		4,000		5,811	
Total liabilities		646		621,248		1,711		2,218		91,466		4,742		722,031	
Net Position (Deficit)															
Net investment in capital assets		-		1,059		3,955		23,644		31,706		-		60,364	
Restricted - expendable for:															
Debt service		-		115,550		-		-		-		-		115,550	
Special programs		-		-		493		2,121		3,212		40,615		46,441	
Unrestricted (deficit)		3,097		(613,353)		160		1,557		(82,034)		(1,038)		(691,611)	
Total net position (deficit)		\$	3,097	\$	(496,744)	\$	4,608	\$	27,322	\$	(47,116)	\$	39,577	\$	(469,256)

City of Kansas City, Missouri
Discretely Presented Component Units Combining Statement of Activities
Year Ended April 30, 2016
(In thousands of dollars)

	Program Revenues			
Functions/Programs	Expenses	Services	Contributions	Contributions
			Operating	Capital
			Charges for	Grants and
			Grants and	Grants and
Economic Development Corporation	\$ 5,610	\$ 3,726	\$ 1,502	\$ -
Tax Increment Financing Commission	103,528	2,006	8,017	-
Land Clearance for Redevelopment Authority	3,422	654	1,199	813
Port Authority of Kansas City, Missouri	2,849	2,972	88	1,609
Police Department	251,569	4,223	233,841	415
Other	11,583	1,250	2,616	5,061
Total	\$ 378,561	\$ 14,831	\$ 247,263	\$ 7,898
General revenues				
Sales and use taxes				
Investment earnings				
Other				
Tax increment financing revenues				
Total general revenues				
Change in net position				
Net position (deficit)—Beginning of Year, as restated				
Net position (deficit)—End of Year				

Net (Expenses) Revenues and Changes in Net Position

	Tax	Land Clearance	Port				
	Economic	Increment	for Authority of				
	Development	Financing	Redevelopment	Kansas City, Police			
	Corporation	Commission	Authority	Missouri	Department	Other	Total
\$	(382)	\$	-	\$	-	\$	-
	-		(93,505)		-		(93,505)
	-		-		(756)		(756)
	-		-		-		1,820
	-		-		-		(13,090)
	-		-		-		(2,656)
<u>\$</u>	<u>(382)</u>	<u>\$</u>	<u>(93,505)</u>	<u>\$</u>	<u>(756)</u>	<u>\$</u>	<u>1,820</u>
							<u>(13,090)</u>
							<u>(2,656)</u>
							<u>(108,569)</u>
	-		-		-		744
	4		166		1		7
	-		-		-		6
	-		-		-		762
	-		113,515		-		-
	4		113,681		1		7
	(378)		20,176		(755)		1,827
	3,475		(516,920)		5,363		25,495
<u>\$</u>	<u>3,097</u>	<u>\$</u>	<u>(496,744)</u>	<u>\$</u>	<u>4,608</u>	<u>\$</u>	<u>27,322</u>
							<u>(13,084)</u>
							<u>(248)</u>
							<u>39,825</u>
							<u>(476,794)</u>
							<u>39,577</u>
							<u>(469,256)</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Note 1: Nature of Operations and Summary of Significant Accounting Policies

The City of Kansas City, Missouri (the City) was incorporated in 1850 and covers an area of approximately 319 square miles in Jackson, Clay, Platte and Cass counties in Missouri. The City is a charter city and utilizes a council/manager form of government. The City provides services to its residents in many areas, including public safety, water and sewer services, community environment and development, recreation and various social services.

The accounting and reporting policies of the City conform to U.S. generally accepted accounting principles (GAAP) applicable to local governments. The following is a summary of the more significant accounting policies and practices of the City.

Financial Reporting Entity

The accompanying financial statements present the City's primary government and component units over which the City is financially accountable. Financial accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Component units are reported in the City's financial statements as follows:

Blended Component Units

The following legally separate entities are component units that are, in substance, a part of the City's general operations.

Kansas City Municipal Assistance Corporation (KCMAC) is governed by a seven-member board appointed by the city manager. Although it is legally separate from the City, KCMAC is reported as if it were part of the primary government because its sole function is the financing of municipal projects for the City. The activities of KCMAC are included in the accompanying financial statements as part of the nonmajor governmental funds. KCMAC does not have separately issued financial statements.

The *Police Retirement System* and the *Civilian Employees' Retirement System* are governed by a single seven-member board, as defined by state statutes. The City is legally responsible to pay the pension contributions for the two police pension plans directly to the pension systems, creating a special funding situation. The funding requirement is separate and apart from the funding requirement of the Board of Police Commissioners. These retirement systems are reported as if they are a part of the City because their sole function is to administer police benefit programs the City is required to provide. The activities of the retirement systems are included in the accompanying financial statements as pension trust funds. See Note 10 for how stand-alone financial statements for those two pension plans can be found.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Discretely Presented Component Units

The component units' column in the financial statements includes the financial data of the City's other component units. They are reported in a separate column to emphasize they are legally separate from the City.

1. Economic Development Corporation (EDC) is a 501(c)(4) not for profit business development organization funded by both public and private sector monies. City officials constitute three of the nine members of the EDC board of directors. The Mayor appoints an additional five at large members. EDC provides a financial benefit to the City by performing economic development services that retain and grow Kansas City, Missouri businesses. The complete financial statements may be obtained by writing to the EDC at 1100 Walnut St., Suite 1700, Kansas City, Missouri 64106 or by calling 816.221.0636.
2. Tax Increment Financing Commission (TIFC) uses tax increment financing as a method to finance redevelopment project expenses through payments in lieu of taxes and economic activity taxes. The mayor appoints a voting majority of the Board of Commissioners. The TIFC provides a financial benefit to the City by developing blighted, substandard and economically underutilized areas within the City. The complete financial statements may be obtained by writing to the TIFC at 1100 Walnut St., Suite 1700, Kansas City, Missouri 64106 or by calling 816.221.0636.
3. Land Clearance for Redevelopment Authority (LCRA) eliminates blight within the City limits by acquiring and preparing land for redevelopment. The mayor appoints all five members of the board of commissioners. The City approves certain project budgets of the LCRA and provides a significant amount of revenue. The complete financial statements may be obtained by writing to the LCRA at 1100 Walnut St., Suite 1700, Kansas City, Missouri 64106 or by calling 816.221.0636.
4. Port Authority of Kansas City, Missouri (Port Authority) is responsible for the planning and development of the Missouri River and other development areas in the Kansas City Missouri corporate limits. The mayor appoints all nine members of the board of commissioners. The Port Authority provides a financial benefit to the City by promoting economic development and job creation within the City. The complete financial statements may be obtained by writing to the Port Authority at 300 Wyandotte, Suite 100, Kansas City, Missouri 64105 or by calling 816.559.3750.
5. The Kansas City Board of Police Commissioners (Police Department) provides police services for the City and is governed by a five-member board. The mayor is a member, with the four remaining members appointed by the governor of Missouri. Under state statutes, the City must provide funding to the board amounting to at least 20% of the City's general revenues. Further, the board cannot levy taxes or issue bonded debt, powers that are held by the City, to the benefit of the board. As a result of the board's fiscal dependency upon the City, the City is financially accountable for the board. The complete financial statements may be obtained by writing to the Kansas City Board of Police Commissioners at 1125 Locust, Kansas City, Missouri 64106 or by calling 816.234.5055.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

6. EDC—Charitable Fund merges public and private funds and development incentives to acquire, construct, maintain and operate redevelopment projects. EDC-Charitable Fund has a five-member board of directors consisting of four Economic Development Corporation (EDC) board members, including a city council member and the president of EDC. The City has provided significant funding, by use of federal grants, to EDC-Charitable Fund, which reflects EDC-Charitable Fund's dependence on the City. The complete financial statements may be obtained by writing to the EDC-Charitable Fund at 1100 Walnut St., Suite 1700, Kansas City, Missouri 64106 or by calling 816.221.0636.
7. Maintenance Reserve Corporation (MRC) administers a home maintenance program provided to certain homeowners participating in loan programs formerly administered for the City by the Housing and Economic Development Financial Corporation. MRC is governed by a four-member board of directors appointed by the city manager. Funding of MRC's activities is provided primarily by federal grants obtained by the City. The complete financial statements may be obtained by writing to the City of Kansas City, Missouri, Finance Department at 414 E. 12th Street, Suite 302, Kansas City, Missouri 64106 or by calling 816.513.1173.
8. Downtown Economic Stimulus Authority of Kansas City, Missouri (DESA) reviews development projects vying to use the state revenues authorized by the Missouri DESA and makes formal recommendations to the City Council and the Missouri Development Finance Board. The mayor appoints 12 of the 13 members of the board of commissioners. The City is able to impose its will on the DESA. The complete financial statements may be obtained by writing to the DESA at 1100 Walnut St., Suite 1700, Kansas City, Missouri 64106 or by calling 816.221.0636.
9. Kansas City International Airport—Community Improvement District (KCICID) provides a financial benefit to the City by collecting sales and use taxes to address economic, social and infrastructure needs within the district as well as providing management, operational and ownership duties for all real and personal property either owned, leased to, or from the KCICID. The mayor appoints all five members of the KCICID board of directors. The complete financial statements may be obtained by writing to the Kansas City, Missouri International Airport at 601 Brasilia Ave., Kansas City, Missouri 64153 or by calling 816.243.3000.
10. Performing Arts Community Improvement District (PACID) provides a financial benefit to the City by collecting sales taxes and fees, rents and other charges within the district for the purpose of funding the expansion and improvements of the downtown Kansas City, Missouri area surrounding Bartle Hall and the Performing Arts Center. The mayor appoints all eight members of the PACID board of directors. The complete financial statements may be obtained by writing to the City of Kansas City, Missouri, Finance Department at 414 E. 12th St., Suite 302, Kansas City, Missouri 64106 or by calling 816.513.1173.
11. The American Jazz Museum (AJM) is responsible for overseeing operation of the American Jazz Museum, the Gem Theater, the Blue Room, the Horace Peterson III Visitors Center and the common areas of the Museum at 18th and Vine. The City has determined to include the AJM as a component unit in order to prevent its financial statements from being misleading.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

The complete financial statements may be obtained by writing the AJM at 1616 East 18th Street, Kansas City, Missouri 64108 or by calling 816.474.8463.

12. Land Bank of Kansas City, Missouri (Land Bank) provides a financial benefit to the City by managing, selling, transferring and disposing of interest in real estate in accordance with Chapter 74, Code of Ordinances of Kansas City, Missouri. The mayor appoints three members of the five member board of commissioners. The complete financial statements may be obtained by writing to the Land Bank of Kansas City, Missouri at 4900 Swope Parkway, 2nd floor Kansas City, Missouri 64130 or by calling 816.513.9003.
13. Kansas City, Missouri Homesteading Authority (Homesteading Authority) provides a financial benefit to the City by acting as a recipient of federal, state, local or private funds and real estate to be used for housing, community development, economic activities and other related activities within Kansas City Missouri. The board of directors shall consist of seven members. Five of the members shall be appointed by the city manager and two shall be appointed by the mayor. The complete financial statements may be obtained by writing to the Kansas City, Missouri Homesteading Authority at 4900 Swope Parkway, 2nd floor Kansas City, Missouri 64130 or by calling 816.513.9003.
14. Metropolitan Ambulance Service Trust (MAST) formerly provided municipal ambulance services. The mayor appoints all seven members of the MAST board of trustees. MAST as a legal trust remains in existence. However, the responsibility for providing ambulance services has been integrated into the KCMO Fire Department. The trust may provide a financial benefit or impose a financial burden upon the City. The complete financial statements may be obtained by writing to the Kansas City, Missouri Fire Department at 6750 Eastwood Trafficway, Kansas City, Missouri 64129 or by calling 816.924.1700.

Basis of Presentation

Government-wide Financial Statements

The government-wide statement of net position and statement of activities report the overall financial activity of the City and its component units, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the City. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the government-wide and business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary and fiduciary—are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund

The general fund is the main operating fund of the City and accounts for all financial transactions not accounted for in other funds. The general operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are financed through revenues received by the general fund.

Capital Improvements Fund

The capital improvements fund is used to account for the financing of capital improvement projects not financed by other funds or by long-term debt. Revenues received by this fund come primarily from a sales tax allocation for capital improvements and from federal and state grants and other contributions.

The City reports the following major enterprise funds:

Water Fund

The water fund accounts for activities of the City's water distribution system. Revenues are derived mainly from water service and installation charges.

Kansas City Airports Fund

The Kansas City airports fund accounts for the operations of the City's two airports: Kansas City International Airport (KCI) and the Charles B. Wheeler Downtown Airport. Revenues are derived principally from hangar and terminal building rental, landing fees and parking.

Sewer Fund

The sewer fund accounts for the activities of the wastewater collection and treatment system. Revenues are derived primarily from sewer users' service charges and fees.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

The City reports the following additional fund types:

Internal Service Fund

This fund accounts for a self-funded healthcare plan for City employees and retirees.

Pension Trust Funds

These funds account for moneys held in trust by the City for pension benefits. The City uses pension trust funds to account for the retirement plans for regular employees, firefighters, police officers and civilian employees of the Police Department.

Private Purpose Trust Funds

These funds account for moneys held in trust by the City, other than those reported in pension trust funds, under which principal and income benefits individuals, private organizations, or other governments. The City uses private purpose trusts to account for funds held for employee memorials, municipal correctional facility inmate canteen operations and various donations provided to the City by citizens and other parties.

Agency Funds

These funds account for moneys held on behalf of others as their agent. The City uses agency funds to account for various special deposits, municipal court appearance bonds, Police Department grants, payroll and insurance benefits, Tax Increment Financing district receipts and other various deposits.

Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, income taxes, sales taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the period for which the levy is intended to finance. For example, the calendar 2015 levy is recognized as revenue for the year ended April 30, 2016. Revenues from assessed taxes, principally income, sales and utility franchise taxes, are recognized in the fiscal year in which the underlying exchange transaction occurs. Revenue from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

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Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Significant revenue sources that are susceptible to accrual include property taxes, sales taxes, utility franchise taxes, earnings taxes, interest and certain state and federal grants and entitlements. All other revenue sources, including licenses and permits, fines and forfeitures and miscellaneous revenues, are considered to be measurable and available only when cash is received.

Enterprise fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with ongoing operations. Operating revenue includes activities that have characteristics of exchange transactions, including charges for services. Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as grants, subsidies and investment income. Operating expenses include the cost of service, payroll, administrative expenses, contractual services and depreciation. All expenses not meeting the above criteria are classified as nonoperating.

The agency funds are custodial in nature and do not involve measurement of results of operations.

Adoption of New Accounting Pronouncements

Effective May 1, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of the GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB Statement No. 68*. Additional information on the implementation of these statements can be found in Note 10. As a result of implementing GASB Statements No. 68 and 71, the City restated its beginning net position to reflect the impact of implementation as summarized in Note 16.

The net pension liability, pension expenses and related deferred outflows and inflows of resources are allocated to the funds based on each fund's contributions to the pension plans during the annual measurement period. Because the City is treated as a non-employer contributing entity to the Police Retirement System and the Civilian Employees' Retirement System, the City is required to recognize the Police Department's proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources and expense for the pension plans related to the City's Component Unit, The Police Department of Kansas City, MO.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from date of acquisition.

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Investments

All investments are reported at fair value. The fair value of marketable securities is based on quotations that are generally obtained from national securities exchanges. Where marketable securities are not listed on an exchange, quotations are obtained from brokerage firms or national pricing services.

Inventories

Inventories are stated at cost (average or first-in, first-out), which is not in excess of market. Inventories consist primarily of materials and supplies held for consumption. The cost is recorded as an expense at the time individual inventory items are used in the proprietary funds. Governmental funds record an expenditure at the time of the purchase of the inventory item. The balance of inventory items in the governmental funds is not considered significant.

Capital Assets

Capital assets include land, buildings, improvements, equipment and infrastructure assets (roads, bridges, storm sewers and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the City as assets with a cost greater than a certain minimum capitalization threshold and an estimated useful life of more than one year. The minimum capitalization thresholds are \$0 for land, \$5,000 for equipment, vehicles, buildings, infrastructure and monuments, \$25,000 for land improvements and building improvements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The City elected the modified approach for certain infrastructure assets (roadway system, bridges and street lighting) while the remaining infrastructure assets are depreciated.

The modified approach for reporting infrastructure assets takes into consideration the fact that many infrastructure assets may reasonably be expected to continue to function indefinitely if they are adequately preserved and maintained. Therefore, these particular assets would not be depreciated over a useful life. The City has established an asset management system and has committed to maintain the following networks of infrastructure assets at an established condition level as determined by the City's Public Works Department (1) roadway system, (2) bridges and (3) street lighting. The Required Supplementary Information section of this report provides additional information regarding the condition assessments and the estimated and actual costs to maintain these assets.

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities and proprietary funds is included as part of the capitalized value of the assets constructed. Interest capitalized is computed by applying the effective interest rate on the borrowings each year to the average balance of the applicable costs incurred, net of investment income. Interest in the amount of \$8,416,245 was capitalized in 2016.

City of Kansas City, Missouri
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Property, buildings, equipment and infrastructure are depreciated using the straight-line method over the following estimated lives:

Type of Asset	Years
Buildings and improvements	10 to 100
Improvements other than buildings	10 to 100
Airport runways, aprons and roads	15
Utility lines and improvements	15 to 100
Machinery and equipment	2 to 40
Infrastructure (other than roadways, bridges and street lights)	10 to 30
Temporary right of way	Life of the agreement
Fountains, outdoor sculptures and monuments	40

For retirements of assets using the above unit basis depreciation, the asset cost and related depreciation are removed from the asset and accumulated depreciation accounts. When assets are sold, the difference between the net carrying value and any proceeds is recorded as income or loss.

Water, Sewer and Storm utility plants and utility lines and improvements are depreciated on a composite basis over 15 to 100 years. At the time of retirement, or other disposition of assets for which depreciation is computed on the composite method, the original cost of the asset is removed from the asset and accumulated depreciation accounts and no retirement gain or loss is recorded.

Compensated Absences

City employees are granted vacation and sick leave in varying amounts. Vacation is accumulated at an annual rate of 10 to 23 days, depending on the employee's length of service. Sick leave is accumulated at the rate of 4.4 hours per two-week pay period, with the exception of firefighters, and emergency medical services personnel assigned a 24-hour shift who accumulate 6.0 hours. The maximum amount of vacation that may be carried forward is 2.5 times the amount earned in a year. Sick leave with pay may be accumulated up to a limit of 3,000 hours for regular employees and 4,000 hours for firefighters. Upon separation from service, employees may convert accrued sick leave at the ratio of four hours of sick leave to one hour of vacation leave credit. Retiring employees 55 years or older with at least 25 years of creditable service; employees who are to receive a line-of-duty disability pension; and employees who qualify for a City pension and retire with a normal retirement, take early retirement at age 60 or thereafter, or die are entitled to sick leave credit at the rate of two hours of sick leave to one hour of vacation leave credit.

The liability for compensated absences reported in the government-wide and proprietary fund has been calculated using the vesting method in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

City of Kansas City, Missouri
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Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported in the statements of net position as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains/losses on refunding bonds are deferred and amortized over the shorter of the new bond's life or the remaining life of the refunded bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Gains/losses on refunding bonds are not broken out separately within the other financing sources/uses section.

Deferred Outflows of Resources & Deferred Inflows of Resources

A deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

Under the modified accrual basis of accounting, revenues and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources. In addition, property tax receivables are reported as a deferred inflow of resources when levied in the fund statements.

Deferred outflows of resources of the City consist of the accumulated decrease in fair value of hedging derivatives, items related to the pensions and a deferred charge on refunding of bonds. Deferred inflows of resources are comprised of deferred gain on refunding of bonds, items related to the pension items and deferred revenue from licenses, permits and franchises where the time period when use is first permitted for revenue recognition has not been met. The deferred inflow from licenses, permits and franchises is due to quarterly business licenses paid in advance by certain utility companies, where the license to operate is issued for a future financial reporting period.

Pension Plans

For the purpose of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the plans and additions/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employer contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See *Note 10* for the retirement plan description.

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Fund Balance – Governmental Funds

The fund balances for the City's governmental funds are displayed in five classifications:

Nonspendable - Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

Restricted - Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed - Committed fund balances may be used only for the specific purposes as determined by the City Council of Kansas City, Missouri. The City Council must adopt an ordinance in order to commit a portion of fund balance. Commitments may be changed or removed only by similar action by the City Council.

Assigned - Assigned fund balances are intended to be used by the City for specific purposes as determined by the Manager of Procurement Services, the City Manager and Department Directors, the Board of Parks and Recreation Commissioners and the Director of Finance. The Manager of Procurement Services, the City Manager and Department Directors and the Board of Parks and Recreation Commissioners may establish an assigned fund balance per Section 2-1753, Sections 2-1582 through 2-1595 and Section 1008 respectively of the City's Code of Ordinances by entering into a contract with an outside entity and encumbering the funds needed to fulfill the contract. The Director of the Finance Department may establish an assigned fund balance per Section 2-1954 (f) (1) (b) of the Code of Ordinances by establishing a countercyclical reserve. The countercyclical reserve, when combined with the emergency reserve, shall not be greater than two months of general fund operating expenditures.

In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned - Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City applies committed amounts first, followed by assigned amounts and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

City of Kansas City, Missouri
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The following table lists the amount of each of the fund balance classifications by expenditure function within each fund type (*in thousands*). A narrative description of the specific purposes for each of the fund balance classifications follows the table.

	General Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted				
Workers' compensation self insurance	\$ 800	\$ -	\$ -	\$ 800
Principal and interest	-	-	58,848	58,848
General government	-	-	47,701	47,701
Fire	-	-	3,762	3,762
Public works	-	-	61,697	61,697
Neighborhood development	-	-	16,284	16,284
Culture and recreation	-	-	32,752	32,752
Convention and entertainment	-	-	6,794	6,794
Police	-	-	15,810	15,810
KCATA	-	-	5,105	5,105
Total restricted	800	-	248,753	249,553
Committed				
Stabilization arrangement	42,436	-	-	42,436
General government	212	1,848	-	2,060
Public works	-	11,803	80	11,883
Neighborhood development	258	441	-	699
Culture and recreation	-	4,631	-	4,631
Reappropriations	2,294	30,817	-	33,111
Total committed	45,200	49,540	80	94,820
Assigned				
Countercyclical reserve	14,602	-	-	14,602
General government	2,966	1,634	1,073	5,673
Fire	42	-	-	42
Public works	525	7,785	518	8,828
Neighborhood development	1,336	1,373	1,090	3,799
Health	-	-	343	343
Culture and recreation	31	4,681	3,425	8,137
Convention and entertainment	-	-	1,853	1,853
Residual fund balance	-	16,810	35,148	51,958
Total assigned	19,502	32,283	43,450	95,235
Unassigned				
	-	-	(275)	(275)
Total fund balances	\$ 65,502	\$ 81,823	\$ 292,008	\$ 439,333

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Below is a description of the specific purposes for each of the fund balance classifications.

Restricted

Workers compensation self-insurance – An escrow required by the State of Missouri for local governments who choose to self-insure against worker’s compensation claims.

Principal and interest – Amounts held for the payment of principal and interest on outstanding bonds.

General government – Amounts restricted for various purposes including \$4.7 million for fleet replacement; \$11.1 million for ADA compliance projects; \$1.6 million for Bartle Hall Sky Stations repairs; \$1.5 million for enterprise permitting system; \$9.3 million for police computerized records management system; \$17.5 million for the Two Light project and \$1.4 million for FCC rebanding.

Fire – Amounts used for constructing new or improved facilities and to operate the fire stations, including staffing.

Public works – Amounts are restricted for a variety of reasons including: \$20.1 for preservation and maintenance of the roadway system; \$11.8 million for the operations, maintenance and debt service requirements of a streetcar system; \$2.7 million for Paseo Gateway street improvements; \$4.9 million for Blue River Trails; \$3.0 million for Pleasant Valley Road; \$2.7 million for 22nd Street Corridor; \$2.0 million for Englewood Street upgrades; \$1.8 million for Bartle Hall lighting; \$1.9 million for public parking administration; \$0.6 million for Paseo Bridge; \$0.9 million for I-70 Loop study; \$1.1 million for Front Street and \$0.9 million for a Northwood Street study.

Neighborhood development – Amounts restricted for various purposes including: \$2.1 million for neighborhood tourism funding; \$9.6 million for dangerous building demolition; \$1.5 million for East Village development; \$0.4 million for improvements to the City’s tow lot; \$1.0 for Newbern Apartments; \$0.4 million for domestic violence prevention and shelter and \$1.3 million of federal grants awarded to the City to help prevent homelessness and/or provide shelter.

Culture and recreation – Amounts restricted for various purposes including: \$16.2 million of public donations and gifts to fund projects approved by the Board of Parks and Recreation Commissioners; \$11.0 million for the maintenance and upkeep of the Liberty Memorial Monument and Museum; \$1.1 million for the operations of the KC Museum; \$2.0 million for the Kansas City Urban Youth Academy; and \$2.2 million for renovation of the HVAC systems in various parks buildings.

Convention and entertainment – Amount is restricted for Sprint Center equipment upgrades.

Police – Amounts utilized for new construction and improvements to existing police stations and facilities.

KCATA – Amounts to be remitted to the Kansas City Area Transportation Authority, to provide partial funding for both capital improvements and operations of the metro bus service.

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Committed

Stabilization arrangement – Established by the City Council as an emergency reserve that is equal to one month of general fund operating expenditures. This emergency reserve is available to address unpredicted operational or capital requirements, infrequent events, such as natural disaster or catastrophic change in the City’s financial position, or unexpected revenue reductions and/or expenditure requirements occurring within a fiscal year. Funds may be withdrawn from this emergency reserve when an emergency has been recognized by ordinance prior to fiscal year end, the fund’s budgeted contingency is exhausted, the countercyclical reserve has been exhausted and the withdrawal is needed to prevent the fund from ending the fiscal year with a negative unassigned fund balance.

General government – Amount is committed for economic development including business retention and recruitment.

Public works – Amounts committed for various purposes including: \$2.5 million for Gregory Boulevard; \$0.6 million for the Blue River trails project; \$2.2 million for Blue Parkway bridge improvements; \$0.3 million for Kenneth Road bridge improvements; \$0.2 million for Green Hills Road improvements; \$1.5 million for Route 152 Trail; \$1.0 million for 135th Street; \$1.0 million for 20th Street streetscaping; \$0.5 million for Noland and 350 Highway improvements; \$0.6 million for the Line Creek trail system and \$1.5 million for miscellaneous street preservation and maintenance.

Neighborhood development – Amounts committed for various purposes including: \$0.1 million for tow lot services; \$0.4 million for neighborhood improvements and \$0.1 million for legal aid to neighborhood associations.

Culture and recreation – Amounts committed for various purposes including: \$1.6 million for Independence – Benton Boulevard intersection; \$0.2 million for Shoal Creek Parkway; \$0.1 million for the Paseo Bridge Gateway project; \$0.6 million for emerald ash borer treatment and control and \$2.1 million for the Kansas City Urban Youth Academy.

Reappropriations – Available fiscal year 2016 appropriations (net of uncollected revenue) authorized by City Council ordinance to be re-appropriated to fiscal year 2017. The primary purposes for these re-appropriations are the funding of capital improvement projects, which span more than one fiscal year and federal and state grants where the grant year is different from the City’s fiscal year.

Assigned

Countercyclical reserve – Assigned by the Director of Finance in the maximum amount of one month of general fund operating expenditures for varying purposes including but not limited to: reserves for tax increment financing, debt service stabilization, interest rate risk, capital maintenance, swap termination payments, legal claims and disaster recovery.

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General government – Amounts assigned for a large variety of purposes. The five largest amounts are: \$0.7 million for fire station improvements; \$0.4 million for various Oracle software maintenance contracts; \$0.4 million for a contract to assist with implementing the accounting for the Tax Increment Financing Commission on the City’s financial management system; \$0.3 million for the municipal court assessment triage center and \$0.3 million for the North Patrol Police Station.

Public works – Amounts assigned for various purposes. The ten largest projects are: \$0.6 million for Broadway Boulevard Bridge; \$0.5 million for Ess Road sanitary sewers; \$0.4 million to install ADA sidewalk curbs citywide; \$0.4 million for 51st and Brookside interceptor; \$0.4 million for Prospect Avenue sidewalks; \$0.6 million for Beacon Hill infrastructure; \$0.3 million for Union Hill traffic signals; \$0.3 million for 63rd and Rockhill fiber connections; \$0.2 million for Cleveland Avenue traffic signals and \$0.2 million for Carondelet and Wornall Road improvements.

Neighborhood development – Amounts assigned for various purposes. The five largest projects are: \$2.1 million for 51st and Oak infrastructure; \$1.1 million for city development services; \$0.2 million for Guadalupe Center support; \$0.2 million for the Downtown Community Improvement District and \$0.1 million for Rivermarket Community Improvement District.

Health – Amounts assigned for various Health Department purposes with the largest contract being for less than \$70,000 for epidemiology services.

Culture and recreation – Amounts assigned for various purposes. The ten largest projects are: \$1.9 million aggregate for mowing and landscaping at City parks and other park properties; \$0.6 million for Union Station infrastructure improvements; \$0.6 million for the Blue River trolley connector; \$0.24 million for the Swope Park basketball courts; \$0.3 million for Waterworks Parks improvements; \$0.2 million for emerald ash borer tree treatment; \$0.2 million for various parks maintenance projects; \$0.2 million for Case Dog Park construction; \$0.2 million for Emmanuel Cleaver II Boulevard repairs and \$0.2 million for Sycamore Park playground improvements.

Convention and entertainment – Amounts assigned include: \$1.3 million for Bartle Hall Convention Center’s Exhibit hall; \$0.2 million for fiber optic upgrades at the Convention Center and \$0.2 million for the marketing of convention facilities.

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Residual fund balance – For funds other than the general fund, this amount represents any remaining positive fund balances that have not been restricted, committed or otherwise assigned. This indicates that the residual fund balance in governmental funds other than the general fund is, at a minimum, intended to be used for the purpose of that fund. The following table lists the funds with an assigned residual fund balance (*in thousands*).

Fund Type	Fund Name	Amount
Major Governmental		
	Capital Improvements	\$ 16,810
	Total Capital Improvements fund	\$ 16,810
Nonmajor Special Revenue		
	Parks & Recreation	\$ 12,350
	Performing Arts Center	287
	Development Services	6,529
	Health	4,017
	Convention and Tourism	4,684
	Strategic Neighborhood	-
	Arterial Street Impact Fee	2,883
	Inmate Security	1,195
Nonmajor Capital Project		
	General Obligation Series 2003F	6
	General Obligation Series 2004F	14
	Health Department Building	1,664
	Series 1991 Sewer Special Assessment	6
	Series 1996 Sewer Special Assessment	676
	General Improvements	436
	KCMAC 04A Bartle Hall Expansion	401
	Total Nonmajor Governmental funds	\$ 35,148

Stabilization Arrangement

The City Council per Section 2-1954 (f) (1) (a) of the Code of Ordinances has established a stabilization arrangement (emergency reserve). The emergency reserve portion of committed fund balance shall not be less than one month of general fund operating expenditures. The emergency reserve is available to address one-time operational emergencies, unexpected revenue reductions and/or unanticipated expenditure requirements occurring within a fiscal year. Funds may be withdrawn from this emergency reserve when an emergency has been recognized by ordinance prior to fiscal year end, the fund's budgeted contingency is exhausted, the countercyclical reserve has been exhausted, and the withdrawal is needed to prevent the fund from ending the fiscal year with a negative unassigned fund balance. An ordinance appropriating funds from the emergency reserve shall include language stating the City Council is waiving the fund balance and reserve policy for a use of the emergency reserve.

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Once the stabilization amount has been fully funded, if it should fall below its floor, the Director of Finance or Budget Officer will prepare and present to the City Council a plan to replenish the stabilization amount. The City Council must approve and adopt a plan within 12 months after the stabilization amount first falls below its floor, which establishes a time frame to restore the reserve to, at minimum, its floor level.

Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

- *Net investment in Capital Assets*—This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- *Restricted-Expendable*—This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is generally the City’s policy to use restricted resources first, then unrestricted resources as they are needed.
- *Unrestricted*—This consists of a net position that does not meet the definition of “restricted-expendable” or “net investment in capital assets.”

Interfund Transactions

Transactions between City funds are accounted for as revenues and expenditures or expenses in the funds involved if they are similar to transactions with organizations external to City government.

Reimbursements for expenditures made on behalf of another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transfers of resources from a fund receiving revenues to a fund through which the revenues are to be expended are separately reported as a transfer in the respective funds’ operating statements.

Special Assessments

The City acts as an agent on certain construction projects financed by third-party lenders and repaid by assessments to property owners benefited. The City reports these arrangements in the agency funds, special revenue funds and enterprise funds as special assessments receivable and deposits.

Contributions and Grants

Governmental-wide Financial Statements—Contributions and grants for both capital and operating purposes are broken out by function under program revenues.

Governmental Funds—Contributions and grants for both capital and operating purposes are included in revenues.

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April 30, 2016

Proprietary Funds—Contributions of, or for, capital assets (including those received from other City funds), grants and assistance received from other governmental units for the acquisition of capital assets are reported in changes in net position.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements Not Yet Effective

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application* (GASB Statement No. 72). This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The City will implement GASB Statement No. 72 beginning with the year ending April 30, 2017.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB Statement No. 73). The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees—both active employees and inactive employees—are provided with pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, as amended. This statement will have no impact on the City.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB Statement No. 74). The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Currently, the City does not have an OPEB plan that issues general purpose external financial reports. If applicable, the City will implement GASB Statement No. 74 beginning with the year ending April 30, 2018.

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In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB Statement No. 75). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The City will implement GASB Statement No. 75 beginning with the year ending April 30, 2019.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB Statement No. 76). The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The City will implement GASB Statement No. 76 beginning with the year ending April 30, 2017.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures* (GASB Statement No. 77). Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. Although many governments offer tax abatements and provide information to the public about them, they do not always provide the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future. This Statement requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues. The City will implement GASB Statement No. 77 beginning with the year ending April 30, 2017.

The City has not completed its assessment of the impact of the adoption of these statements.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Note 2: Deposits and Investments

Primary Government

Deposits

The City maintains a cash and investment pool that is available for use by all funds. The pool is comprised of demand and time deposits, repurchase agreements, and other investments with maturities of less than five years. At April 30, 2016, the carrying amount (book value) of the City's deposits, including the collateralized money market account and certificate of deposit, was approximately \$17,315,000, which was covered by federal depository insurance or by collateral held by the City's agents under joint custody agreements in accordance with the City's administrative code. A difference exists between bank and book balances of approximately \$16,891,000 due to deposits in transit, checks outstanding and other reconciling items.

Investments – Pooled and Non-Pooled

The City is empowered by City Charter to invest in the following types of securities:

1. United States Treasury Securities (Bills, Notes, Bonds and Strips). The City may invest in obligations of the United States government for which the full faith and credit of the United States are pledged for the payment of principal and interest.
2. United States Agency/GSE Securities. The City of Kansas City, Missouri may invest in obligations issued or guaranteed by any agency of the United States Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable market value that are described as follows:
 - a. U.S. Govt. Agency Coupon and Zero Coupon Securities.
 - b. U.S. Govt. Agency Callable Securities. Restricted to securities callable at par only.
 - c. U.S. Govt. Agency Step-Up Securities. The coupon rate is fixed for an initial term. At coupon date, the coupon rate rises to a new, higher fixed interest rate.
 - d. U.S. Govt. Agency Floating Rate Securities. Restricted to coupons with no interim caps that reset at least quarterly and that float off of only one index.
 - e. U.S. Govt. Agency Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than five (5) years when analyzed in a +300 basis point interest rate environment.
3. Repurchase Agreements. The City may invest in contractual agreements between the City and commercial banks or primary government securities dealers. The Bond Market Association's guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions. All repurchase agreement transactions will be either physical delivery or tri-party.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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4. Bankers' Acceptances. The City may invest in bankers' acceptances issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation.
5. Commercial Paper. The City may invest in commercial paper issued by domestic corporations, which has received the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars (\$500,000,000) and are not listed on Credit Watch with negative implications by any nationally recognized rating agency at the time of purchase. In addition, the City's portfolio may not contain commercial paper of any one corporation, the total value of which exceeds two percent (2%) of the City's aggregate investment portfolio.
6. Municipal Securities (State and Local Government Obligations). The City may invest in municipal obligations that are issued in either tax-exempt or taxable form. The City's portfolio may not contain municipal obligations of any one issuer, the total value of which exceeds two percent (2%) of the City's aggregate investment portfolio, unless the obligation is pre-refunded or escrowed to maturity with securities guaranteed by the United States Government.
 - a. Any full faith and credit obligations of the State of Missouri rated at least A or A2 by Standard and Poor's or Moody's.
 - b. Any full faith and credit obligations of any city, county or school district in the state of Missouri rated at least AA or Aa2 by Standard and Poor's or Moody's.
 - c. Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least A or A2 by Standard and Poor's or Moody's.
 - d. Any full faith and credit obligation of any state or territory of the United States of America rated at least AA or Aa2 by Standard and Poor's or Moody's.
 - e. Any full faith and credit obligations of any city, county or school district in any state or territory of the United States of America rated at least AAA or Aaa by Standard and Poor's or Moody's.
 - f. Any revenue bonds issued by the Missouri Department of Transportation rated at least AA or Aa2 by Standard and Poor's or Moody's.
 - g. Any municipal obligation that is pre-refunded or escrowed to maturity as to both principal and interest with escrow securities that are fully guaranteed by the United States Government, without regard to rating by Standard and Poor's or Moody's.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the final maturity on any security owned to a maximum of five years. In addition, the City compares the weighted average maturity of its portfolio to the weighted average maturity of the Bank of America Merrill Lynch 1-3 year U.S.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Treasury & Agency Index, and relative to the index, may decrease the weighted average maturity of the portfolio during periods of rising interest rates or increase it during periods of declining rates. As of April 30, 2016, the City had the following investments and maturities (amounts are in thousands):

Investment Type	Investment Maturities (in Years)					Average
	Fair Value	Less Than 11	12 – 22	23 – 33	34 – 5	
Pooled investments						
U.S. Treasury bills	\$ 14,982	\$ 14,982	\$ -	\$ -	\$ -	0.40
U.S. Treasury notes/bonds	220,382	171,304	20,265	28,813	-	0.80
U.S. Agency discounts	44,905	44,905	-	-	-	0.52
U.S. Agencies – noncallable	458,937	130,117	213,397	82,018	33,405	1.55
U.S. Agencies – callable	154,496	45,729	68,275	12,307	28,185	1.80
Total pooled	893,702	407,037	301,937	123,138	61,590	1.34
Non-pooled investments						
U.S. Agency discounts	94,950	94,950	-	-	-	0.17
U.S. Agencies – noncallable	90,367	68,002	5,000	17,365	-	0.95
U.S. Agencies – callable	15,483	5,010	2,987	4,488	2,998	2.09
Total non-pooled	200,800	167,962	7,987	21,853	2,998	0.67
	<u>\$1,094,502</u>	<u>\$ 574,999</u>	<u>\$ 309,924</u>	<u>\$ 144,991</u>	<u>\$ 64,588</u>	<u>1.22</u>

Callable Agency Securities. The City actively monitors its callable bond portfolio with respect to probability of call relative to market rates of interest. As of April 30, 2016, the total fair value of the City’s callable bond portfolio (pooled and non-pooled) is \$169,978,994.

Credit Risk

Credit risk is the risk that the City will not recover its investments due to the ability of the counterparty to fulfill its obligation. In order to prevent over concentration by investment type and thereby mitigate credit risk, the City’s Investment Policy provides for diversification of the portfolio by investment type as follows:

<u>Investment Type</u>	<u>Maximum</u>
U.S. Treasury Securities and Government Guaranteed Securities	100%
Collateralized Time and Demand Deposits	100%
U.S. Government Agency and GSE Securities	80%
Collateralized Repurchase Agreements	50%
U.S. Agency Callable Securities	30%
Commercial Paper	30%
Bankers Acceptances	30%
Municipal Obligations	30%

City of Kansas City, Missouri
Notes to Basic Financial Statements
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As of April 30, 2016, the City had the following nongovernmental guaranteed investment balances, which are rated by both Moody's and Standard and Poor's (amounts are in thousands):

		Fair	Moody's/
		ValueS&P Ratings	
U.S. Agency securities	\$	859,138	Aaa/AA+

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party (*i.e.*, the City's safekeeping institution).

The City's investment policy requires that all funds on deposit with any financial institution be secured with collateral securities in an amount equal to at least 102 percent of the deposit less any amount insured by the Federal Deposit Insurance Corporation (FDIC), or any other governmental agency performing a similar function. As of April 30, 2016, all deposits were adequately and fully collateralized.

The City's investment policy requires that all investment securities be held in the City's name in the City's safekeeping account at its safekeeping institution, thereby mitigating custodial credit risk. As of April 30, 2016, all investment securities were in the City's name in the City's safekeeping accounts at its safekeeping institutions. In addition, all collateral securities were in the City's joint custody account(s) at the Federal Reserve Bank and were either U.S. Treasury (U.S. Government guaranteed) or U.S. Agency (Aaa/AA+ rated) obligations.

Concentration of Credit Risk

More than 5 percent of the City's investments are in the following U.S. Agency discount note/securities: Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association. These investments are 13%, 25%, 11% and 29%, respectively, of the City's total investments. In the City's opinion, the debt securities issued by these agencies do not have an explicit government guarantee, but rather an implied guarantee and, therefore, the City does not impose limits as to the concentration of any one agency. However, total agency securities in the portfolio are limited by the investment policy to 80% of the total portfolio value.

Investments – Trustee-Held

In the normal course of business, the City finances various projects by issuing debt in the form of municipal bonds. Cash raised by the issuance of such debt is placed with a trustee bank. All investment activity within such accounts is governed by the City's Investment Policy, except that excess cash is allowed by the bond indentures to be invested in overnight, U.S. Government and U.S. Agency money market funds.

City of Kansas City, Missouri
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Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's trustee-held investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the final maturity on any trustee-held security owned to a maximum of five years. In addition, covenants in the bond documents often limit the final maturity of such investments to shorter periods of time. As of April 30, 2016, the City had the following trustee-held investments and maturities (amounts are in thousands):

Investment Type	Investment Maturities (in Years)					Average
	Fair Value	Less Than 11 -	Weighted 22 -	33 -	5	
Trustee-held investments						
Money market funds	\$ 176,896	\$ 176,896	\$ -	\$ -	\$ -	0.01
U.S. Treasury notes/bonds	837	335	300	-	202	1.45
Total	<u>\$ 177,733</u>	<u>\$ 177,231</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 202</u>	<u>0.02</u>

Credit Risk

Credit risk is the risk that the City will not recover its investments due to the ability of the counterparty to fulfill its obligation. In order to mitigate credit risk, the City limits its trustee-held investment activity to overnight money market funds (as described above), U.S. Government securities and U.S. Agency securities.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party (i.e., the Trustee bank). As of April 30, 2016, all trustee-held investment securities were in the City's name in the Trustee bank's safekeeping accounts at the Federal Reserve Bank, thereby mitigating custodial credit risk.

Summary

The following is a complete listing of cash and investments held by the City at April 30, 2016 (*in thousands*):

Deposits	\$ 17,315
Investments	1,094,502
Trustee accounts	177,733
Imprest funds	<u>34</u>
Total	<u>\$ 1,289,584</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
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The deposits and investments of the City at April 30, 2016 are reflected in the financial statements as follows (*in thousands*):

	Government-Statement of WideNet Position Statement of Net Position	Fiduciary Funds (Excluding Pension)	Total
Cash and short-term investments	\$ 648,255	\$ 7,726	\$ 655,981
Restricted cash and short-term investments	633,603	-	633,603
Total	\$ 1,281,858	\$ 7,726	\$ 1,289,584

Pension Systems

Employees' Retirement System

Deposits and Investments

The City administrative code and ordinances passed by the City Council provide that the Employees' Retirement System (the Plan) investments may include, but are not limited to, obligations of the United States government, State of Missouri, municipal corporations, including school districts, corporate bonds, real estate mortgages and common and preferred stocks, collective trusts and derivatives. The Plan purchases investments from U.S. Securities and Exchange Commission registered securities broker-dealers and banks through its investment managers. Investments in United States Treasury obligations are held at the Federal Reserve Bank through the customer account of a financial institution.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Investment Policy

The asset type and classes, target allocation and ranges that have been approved by the Board are shown below. All percentages are based on market values. The Board has authorized Plan staff, with the guidance from the investment consultant, to rebalance the portfolio in accordance with the strategy guidelines below:

Asset Type and Class	Range	Target
Equities		
Large Cap Equity	13% - 17%	15%
Small Cap Equity	4% - 9%	6.5%
Non-U.S. Equity	5% - 9%	7%
Global Equity	17% - 21%	19%
Emerging Markets Equity	1% - 5%	3%
Opportunistic Equity	10% - 14%	12%
Fixed Income	23% - 30%	26.5%
Alternatives		
Real Assets	7% - 13%	10%
Cash	0% - 5%	1%

Securities Lending Transactions

City ordinances and the Plan’s Board policies permit the Plan to use investments of the Plan to enter into securities lending transactions – loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future.

The Plan has contracted with Northern Trust as its third-party lending agent to lend domestic equity and debt securities for cash collateral of not less than 102% of the market value and international debt and equity securities of not less than 105% of the market value. At April 30, 2016, management believes the Plan has no credit risk exposure to borrowers because the amounts the Plan owes the borrowers exceed the amounts the borrowers owe the Plan. Contracts with the lending agent require it to indemnify the Plan if borrowers fail to return the securities, if the collateral is inadequate to replace the securities lent or if the borrowers fail to pay the Plan for income distributions by the securities’ issuers while the securities are on loan; therefore, non-cash collateral is not recorded as an asset or liability on the financial statements.

	<i>(in thousands)</i>
Market value of securities loaned	\$ 75,250
Market value of cash collateral received from borrowers	\$ 77,356
Market value of non-cash collateral received from borrowers	-
Total market value of collateral	\$ 77,356

City of Kansas City, Missouri
Notes to Basic Financial Statements
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All securities loans can be terminated on demand by either the Plan or the borrower. The cash collateral received on each security loan was invested in accordance with the Plan investment guidelines, in short-term funds. The maturities of the resulting investments generally match the maturities of the securities lending arrangements themselves. The Plan is not permitted to pledge or sell collateral received unless the borrower defaults.

Investments

At April 30, 2016, the Plan had the following investments and maturities (*in thousands*):

Type	Fair Value	Maturities in Years				Loaned Under
		Less than 11 Months	11-24 Months	25-36 Months	More than 36 Months	
U.S. Treasuries	\$ 12,256	\$ 6,507	\$ 5,749	\$ -	\$ -	\$ 10,253
U.S. Government-backed mortgages	36,105	-	-	116	35,989	-
Municipal bonds	4,041	1,183	-	-	2,858	-
Asset-backed securities	1,139	-	277	-	862	-
Commercial mortgage-backed securities	175	-	175	-	-	-
Foreign debt obligations	1,011	-	-	224	787	20
Corporate bonds - domestic	31,551	678	5,985	13,171	11,717	2,570
Corporate bonds - foreign	17,614	404	2,647	10,011	4,552	3,002
Money market funds	18,205	18,205	-	-	-	-
Collective trusts - fixed income	158,116	158,116	-	-	-	-
		<u>\$ 185,093</u>	<u>\$ 14,833</u>	<u>\$ 23,522</u>	<u>\$ 56,765</u>	
Domestic preferred stocks	929					-
Domestic common stocks	175,923					58,011
Foreign equities	2,059					1,394
Partnerships	54,077					-
Hedge funds	25,857					-
Collective trusts-equities	442,213					-
Collective trusts-real estate	41,071					-
	<u>\$ 1,022,342</u>					<u>\$ 75,250</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the Plan's securities lending policy, \$75,249,623, was held by the counterparty that was acting as the Plan's agent in securities lending transactions.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Investment Concentrations

The following presents investments that represent 5% or more of the fiduciary net position of the Plan, as of April 30, 2016 (in thousands):

Investment	Fair
Investments managed by Northern Trust	\$ 166,044
American Century Global Growth Equity Trust - Tier 2	95,995
Investments managed by JP Morgan	95,254
Investments managed by Blackrock	93,254
Investments managed by GMO	86,814
Mellon EB DV Global Exp Alpha I Fund	63,012

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Plan. The Plan's policy is that fixed income securities must have a minimum investment quality of "B" at the time of purchase. The weighted average credit rating of the portfolio must have a minimum investment quality of "A." As of April 30, 2016, the Plan's fixed income assets that are not government guaranteed represented 82.75% of the fixed income portfolio. The following table summarizes the Plan's fixed income portfolio exposure levels and credit qualities at April 30, 2016.

Average credit quality and exposure levels of nongovernment guaranteed securities (*in thousands*):

Fixed Income Security Type	Fair Value of all Fixed Income Assets	Percentage of Fixed Income Assets	S&P Ratings	Weighted Average	Dispersion
April 30, 2016	Exposure	Further	Requiring		
Municipal bonds	\$ 4,041	1.44%	A	See below	
Asset-backed securities	1,139	0.41%	AAA	See below	
Commercial mortgage-backed securities	175	0.06%	Not rated	See below	
Foreign debt obligations	1,011	0.36%	BBB	See below	
Corporate bonds - domestic	31,551	11.26%	BBB	See below	
Corporate bonds - foreign	17,614	6.29%	BBB	See below	
Money market funds	18,205	6.50%	Not rated	None	
Collective trusts-fixed income	158,116	56.43%	Not rated	None	
Total investments	\$ 231,852	82.75%			

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Each portfolio is managed in accordance with operational guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers and the average credit quality of the overall portfolios.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. The Plan's policy for each specific portfolio limits investments in any corporate entity to no more than 5% of the market value of the account for actively managed portfolios, excluding U.S. Government and agency obligations. As of April 30, 2016, there were no investments in any corporate entity greater than 5%, excluding external investment pools and other pooled investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolio using the effective duration of option-adjusted methodology. The Plan's policy is to manage duration to a maximum 25% of underweighting/overweighting relative to the Barclays Aggregate Bond Index.

Effective duration of fixed income assets by security type at April 30, 2016 (*in thousands*):

Fixed Income Security Type	Fair Value April 30, 2016 Assets	Percentage Weighted of all Average Fixed Income Effective Duration (Years)	
U.S. Treasuries	\$ 12,256	4.4%	1.2
U.S. Government backed mortgages	36,105	12.9%	21.1
Municipal bonds	4,041	1.4%	15.7
Asset-backed securities	1,139	0.4%	14.4
Commercial mortgage-backed securities	175	0.1%	1.6
Foreign debt obligations	1,011	0.4%	18.5
Corporate bonds - domestic	31,551	11.3%	11.3
Corporate bonds - foreign	17,614	6.3%	12.4
Money market funds	18,205	6.5%	**
Collective trusts - fixed income	158,116	56.4%	5.2
	\$ 280,213	100.0%	

***The Plan actually owns an interest in the underlying assets of the money market funds and the unit values are based on the fair value of their underlying assets. The money market funds do not have a maturity date, even though their underlying assets do have maturity dates of less than one year.*

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Plan's currency risk exposure, or exchange rate risk, primarily reside within the Plan's foreign debt obligations and foreign equity holdings through the Plan's various asset managers. The Plan's policy for each specific portfolio does not place limits on the amount of foreign exposure that can be held by the individual asset managers.

Annual Money-Weighted Rate of Return

For the year ended April 30, 2016, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was (2.50%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position.

Plan contributions are made and the total pension liability are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to financial statements.

Firefighters' Pension System

Deposits and Investments

The City administrative code and ordinances passed by the City Council provide that Plan investments may include, but are not limited to, obligations of the U.S. government, state of Missouri and municipal corporations, including school districts, corporate bonds, real estate mortgages and common and preferred stocks. The Plan purchases investments from Securities and Exchange Commission registered securities broker dealers and banks through its investment managers. Investments in U.S. Treasury obligations are held at the Federal Reserve Bank through the customer account of a financial institution.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Investment Policy

The asset type and classes, target allocation and ranges that have been approved by the Board are shown below. All percentages are based on market values. The Board has authorized Plan staff, with the guidance from the investment consultant, to rebalance the portfolio in accordance with the strategy guidelines below:

Asset Type and Class	Range	Target
Equities		
Large Cap Equity	10% - 20%	15%
Small Cap Equity	5% - 15%	10%
Non-U.S. Equity	10% - 20%	15%
Long/Short Equity	5% - 15%	10%
Global Equity	5% - 15%	10%
Fixed Income	25% - 35%	30%
Real Estate	5% - 15%	10%

Securities Lending Transactions

City ordinances and the Plan’s Board policies permit the Plan to use investments of the Plan to enter into securities lending transactions – loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future.

The Firefighters’ Plan has contracted with Northern Trust as its third-party lending agent to lend domestic equity and debt securities for cash collateral of not less than 102% of the market value and international debt and equity securities of not less than 105% of the market value. At April 30, 2016, management believes the Firefighters’ Plan has no credit risk exposure to borrowers because the amounts the Firefighters’ Plan owes the borrowers exceed the amounts the borrowers owe the Firefighters’ Plan. Contracts with the lending agent require it to indemnify the Firefighters’ Plan if borrowers fail to return the securities, if the collateral is inadequate to replace the securities lent or if the borrowers fail to pay the Plan for income distributions by the securities’ issuers while the securities are on loan; therefore, non-cash collateral is not recorded as an asset or liability on the financial statements.

	<i>(in thousands)</i>
Market value of securities loaned	\$ 30,562
Market value of cash collateral received from borrowers	\$ 31,412
Market value of non-cash collateral received from borrowers	-
Total market value of collateral	\$ 31,412

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Notes to Basic Financial Statements
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All securities loans can be terminated on demand by either the Firefighters' Plan or the borrower. The cash collateral received on each security loan was invested, in accordance with the Firefighters' Plan investment guidelines, in short-term funds. The maturities of the resulting investments generally match the maturities of the securities lending arrangements themselves. The Plan is not permitted to pledge or sell collateral received unless the borrower defaults.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the Plan's securities lending policy, \$30,562,367 was held by the counterparty that was acting as the Plan's agent in securities lending transactions.

Investment Concentrations

The following presents investments that represent 5% or more of the fiduciary net position of the Plan, as of April 30, 2016 (in thousands):

Investment	Fair
Pioneer Multi-Sector Fixed Income	\$ 61,660
Franklin Templeton Global Multisectorplus Trust Fund	57,211
Acadian Global Equity Fd	46,146
Rock Creek Georgetown LTD CL	43,703
Northern Trust Collective Funds	38,368
Marathon-London International Fund	37,728
JPMCB Special Situation Property Fund	26,021

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Firefighters' Plan. As of April 30, 2016, the Firefighters' Plan's fixed income assets that are not government guaranteed represented 100% of the fixed income portfolio. The Firefighters' Plan has not established a policy in regard to credit risk. The following table summarizes the Firefighters' Plan's fixed income portfolio exposure levels and credit qualities at April 30, 2016:

Average Credit Quality and Exposure levels of Nongovernment Guaranteed Securities (*in thousands*):

Fixed Income Security Type	Fair Value of all Fixed Income Assets	Percentage of Fixed Income Assets	Weighted Ratings	Average Disposition
April 30, 2016	Income Assets	Quality	Further	Exposure
Money market funds	\$ 17,452	20%	Not rated	None
Collective trusts - fixed income	71,110	80%	Not rated	None
	\$ 88,562	100%		

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Each portfolio is managed in accordance with operational guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers and the average credit quality of the overall portfolios.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The Firefighters' Plan's policy for each specific portfolio limits investments in any corporate entity to no more than 5% of the market value of the account for actively managed portfolios, excluding U.S. government and agency obligation. As of April 30, 2016, there were no investments in any corporate entity greater than 5%, excluding external investment pools and other pooled investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan has not established a policy with regard to interest rate risk. The Plan actually owns an interest in the underlying assets of the collective trusts and the money market funds and the unit values are based on the fair value of their underlying assets.

Effective duration of fixed income assets by security type at April 30, 2016 (*in thousands*):

Fixed Income Security Type	Fair Value of all Fixed Income Assets	Percentage	Weighted Average Effective Duration
Money market funds	\$ 17,452	20%	**
Collective trusts - fixed income	71,110	80%	4.07
	\$ 88,562	100%	

***The Plan actually owns an interest in the underlying assets of the money market funds and the unit values are based on the fair value of their underlying assets. The money market funds do not have a maturity date, even though their underlying assets do have maturity dates of less than one year.*

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Plan's currency risk exposure, or exchange rate risk, primarily reside within the Plan's foreign debt obligations and foreign equity holdings through the Plan's various asset managers. The Plan's policy for each specific portfolio does not place limits on the amount of foreign exposure that can be held by the individual asset managers.

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Annual Money-Weighted Rate of Return

For the year ended April 30, 2016, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was (1.50%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Risks and Uncertainties

The Firefighters' Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position.

Plan contributions are made and the total pension liability are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Civilian Employees' Retirement System and Police Retirement System

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The Civilian Employees' Retirement System and Police Retirement System's (the Civilian and Police Plans) deposit policies for custodial credit risk require compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the state of Missouri; bonds of any city, county, school district or special road district of the state of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

The Plans had no bank balances exposed to custodial credit risk at April 30, 2016.

Investments

For the year ended April 30, 2016, Northern Trust was the master custodian for substantially all of the securities of the Plan. The investments held by the Plan are managed by fourteen Board-appointed money managers. Each of the money managers has a different asset allocation based on Board approved policy. The Plan may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities, real estate, partnerships, corporate bonds, commodities and equity securities.

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The asset type and classes, target asset allocation and ranges to be used in the Plans, are shown below. All percentages are based on market values. The Board has authorized Plan Staff, with guidance from the Investment Consultant, to rebalance the portfolio in accordance with the strategy guidelines as of April 30, 2016:

Type and Class	Range	Target
Equities		
Global Equity	30% - 40%	35%
Private Equity	0% - 10%	5%
Fixed Income	25% - 35%	30%
Alternatives		
Real Return	0% - 10%	5%
Real Estate	5% - 15%	10%
Absolute Return	10% - 20%	15%
Cash	0% - 5%	0%

Securities Lending Transactions

State statutes and the Civilian and Police Plans’ board policies permit the Civilian and Police Plans to use investments of the Civilian and Police Plans to enter into securities lending transactions—loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future.

The Civilian and Police Plans have contracted with Northern Trust as their third-party lending agent to lend domestic equity and debt securities for cash collateral of not less than 102% of the market value and international debt and equity securities of not less than 105% of the market value. Contracts with the lending agent require it to indemnify the Civilian and Police Plans, if borrowers fail to return the securities, if the collateral is inadequate to replace the securities lent, or if the borrowers fail to pay the Civilian and Police Plans for income distributions by the securities’ issuers while the securities are on loan; therefore, noncash collateral is not recorded as an asset or liability on the financial statements.

	Civilian Police	
	<i>(In thousands)</i>	
Market value of securities loaned	\$ 9,536	\$ 51,710
Market value of cash collateral received from borrowers	\$ 9,810	\$ 53,048
Market value of non-cash collateral received from borrowers	-	-
Total market value of collateral	\$ 9,810	\$ 53,048

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Police Retirement System							Loaned Under
Type	Maturities in Years						Securities
	Fair Value	than 11-10	5-10	More than 10	Less than 10	Agreements	
	Less than 10	More than 10	Less than 10	More than 10	Less than 10	More than 10	
U.S. Treasury obligations	\$ 30,982	\$ -	\$ 6,976	\$ 8,371	\$ 15,635	\$ 26,474	-
U.S. agencies obligations	5,390	-	-	5,390	-	-	-
Corporate bonds and notes	87,686	8,287	29,582	38,007	11,810	3,606	-
Government mortgage-backed securities	9,456	-	325	-	9,131	-	-
Government agency fund	62,504	-	62,504	-	-	-	-
Money market mutual funds	20,358	20,358	-	-	-	-	-
		<u>\$ 28,645</u>	<u>\$ 99,387</u>	<u>\$ 51,768</u>	<u>\$ 36,576</u>		
Common and preferred stocks	65,188						18,155
All country world index fund	106,762						-
Real estate funds	101,955						-
Hedge fund of funds	80,765						-
Partnerships-equity	21,057						-
Partnerships-fixed income	24,680						-
Foreign equities	50,652						3,475
Equity funds	72,693						-
International small cap equity fund	10,243						-
Emerging markets equity funds	19,875						-
	<u>\$ 770,246</u>						<u>\$ 51,710</u>

Interest Rate Risk

The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately. The debt securities are presented in their respective category based on final maturity date. The Civilian and Police Plans' investment policies do not specifically address exposure to fair value losses arising from rising interest rates.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Civilian and Police Plans' policies to limit their investments in corporate bonds to those that are rated BBB or better by credit rating agencies. Core fixed income managers may hold bonds with a rating equal to or above BB. At April 30, 2016, the Civilian and Police Plans' investments in corporate bonds were rated BBB or better by Standard & Poor's. U.S. Treasury obligations were explicitly guaranteed by the U.S. Government. Additionally, the Civilian and Police Plans' investments in U.S. agencies obligations not directly guaranteed by the U.S. Government (including Federal National Mortgage Association, Federal Home Loan Banks and Federal Home Loan Mortgage Corporation) and in government mortgage-backed securities were rated AA+ or better by Standard & Poor's. The Civilian and Police Plans' investments in money market mutual funds were not rated by Standard & Poor's.

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The following table summarizes the Plan's fixed income portfolio exposure level and credit qualities at April 30, 2016 (*in thousands*):

Fixed Income Security Type	Civilian	Police	Quality	S&P Weighted Average Credit
U.S. agencies obligations	\$ 1,349	\$ 5,390		AA+
Corporate bonds and notes	14,731	87,686		A
Government mortgage-backed securities	1,312	9,456		AA+
Government agency fund	10,316	62,504		Not rated
Money market mutual funds	2,135	20,358		Not rated
Total investments	<u>\$ 29,843</u>	<u>\$ 185,394</u>		

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Civilian and Police Plans will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. Consistent with the Civilian Employees' Retirement System's securities and lending policy, \$9,536,381 was held by the counterparty that was acting as the system's agent in securities lending transactions. In addition, consistent with the Police Retirement System's securities and lending policy, \$51,710,289 was held by the counterparty that was acting as the system's agent in securities lending transactions.

Concentration of Credit Risk

The Civilian and Police Plans limit the amounts that may be invested in any one security at 5% to 15% of total plan assets.

Investment Concentrations

The following presents investments that represent 5% or more of the Civilian and Police Plans fiduciary net position at April 30, 2016 (*in thousands*):

Investment	Police	Civilian
Northern Trust Collective All Country World Investable		
Market Index Fund - Non Lending	\$ 106,762	\$ 17,443
Grosvenor FOB Fund, L.P.	80,765	12,410
Brandywine Global Opportunity Fixed Income	62,504	10,316
Artisan Global Opportunities Trust Fund	-	9,274
Prudential PRISA II	56,653	7,729
Morgan Stanley - Prime Property Fund, LLC	45,302	7,034

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Foreign Currency Risk

This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Civilian and Police Plans' investment policies permits investments in international equities, American Depository Receipts (ADRs), warrants, rights, 144A securities, convertible bonds and U.S. registered securities whose principal markets are outside of the United States. All foreign equities held are denominated in U.S. dollars.

Annual Money-Weighted Rate of Return

For the year ended April 30, 2016, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was (0.41%) and (0.64%) for the Police and Civilian Plans, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 3: Intergovernmental Receivables

Intergovernmental receivables at April 30, 2016 are as follows (*in thousands*):

	General	Capital Improvements	Nonmajor Funds	Kansas City Airports	Governmental	Total Inter-receivables
Federal government grants and reimbursements for:						
Airport Improvement Programs	\$ -	\$ -	\$ -	\$ -	\$ 1,056	\$ 1,056
Public Health Preparedness	-	-	53	-	-	53
Federal Highway Transportation	-	4,214	1,262	-	-	5,476
HOME Investment Program	-	-	952	-	-	952
Children with Special Health Care Needs	-	-	13	-	-	13
Grants to Encourage Arrest Policies & Enforcement of Protection Orders	-	-	22	-	-	22
Violence Prevention Efforts	-	-	48	-	-	48
Continuum of Care	-	-	205	-	-	205
Emergency Shelter Solutions	-	-	39	-	-	39
Neighborhood Stabilization	-	-	1,037	-	-	1,037
Byrne Memorial Justice Assistance	-	-	83	-	-	83
HIV Surveillance and Prevention	-	-	93	-	-	93
HIV Case Management	-	-	163	-	-	163
Ryan White Title II	-	-	324	-	-	324
Housing Opportunities for Persons with AIDS	-	-	260	-	-	260
Home Visiting Building Blocks	-	-	30	-	-	30
Community Development Block Grant	-	-	1,065	-	-	1,065
Brownfields Development	-	-	44	-	-	44
Lead Poisoning Prevention	-	-	209	-	-	209
Other	-	-	81	-	-	81
	<u>-</u>	<u>4,214</u>	<u>5,983</u>	<u>1,056</u>	<u>-</u>	<u>11,253</u>
State of Missouri grants and reimbursements for:						
Motor Vehicle Fuel Tax	-	-	2,560	-	-	2,560
	<u>-</u>	<u>-</u>	<u>2,560</u>	<u>-</u>	<u>-</u>	<u>2,560</u>
Total intergovernmental receivable	<u>\$ -</u>	<u>\$ 4,214</u>	<u>\$ 8,543</u>	<u>\$ 1,056</u>	<u>\$ -</u>	<u>\$ 13,813</u>

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Note 4: Tax Revenues

Tax revenues of the governmental funds, including interest and penalties, are as follows (*in thousands*):

	General	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds Tax Revenues
Earnings and profit	\$ 220,994	\$ -	\$ 2,830	\$ 223,824
Sales	-	70,637	146,664	217,301
General property	56,626	-	62,175	118,801
Hotel and restaurant	259	-	47,563	47,822
Local option use tax	34,716	-	3,426	38,142
Gaming	13,494	-	-	13,494
Railroad and utility	3,050	-	3,737	6,787
Cigarette	2,585	-	-	2,585
	<u>\$ 331,724</u>	<u>\$ 70,637</u>	<u>\$ 266,395</u>	<u>\$ 668,756</u>

The City's property tax is levied each November 1 on the assessed value as of the prior January 1 for all real and personal property located in the City within the counties of Jackson, Platte, Clay and Cass and is due by December 31. A lien is placed on the personal property effective November 1 and is removed when payment is made. Property taxes are delinquent on January 1 for all properties within Jackson, Platte, Clay and Cass counties.

Assessed values are established by the Jackson, Clay, Platte and Cass County assessors subject to review by the counties' Board of Equalization and State Tax Commission. The City is permitted by state statutes to levy taxes up to \$1.00 per \$100 of assessed valuation for general government purposes other than payment of principal and interest on long-term debt; up to \$0.72 per \$100 of assessed valuation for public health, hospital and recreational grounds; up to \$0.02 per \$100 of assessed valuation for museums; and in unlimited amounts for the payment of principal and interest on long-term debt. Article X, Sections 16 through 24, of the Missouri Constitution, known as the "Hancock Amendment," imposes limits on state and local government taxation and spending. Under the Hancock Amendment, the City may not increase the current levy of any tax, license or fee above its mandated level without the approval of the required majority of the qualified voters of the City voting thereon. Property tax levies per \$100 assessed valuation for the year ended April 30, 2016 follow:

FundLevy	
General	\$ 0.7103
Health	0.7106
Museum	0.0197
Debt service	<u>0.1400</u>
Total general levy rate	<u>\$ 1.5806</u>

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Currently, the City collects 2.875 percent of sales tax for the following purposes:

- One percent for capital improvements, authorized through December 31, 2018
- One-half percent for Public Mass Transportation (approximately 7.5% of the one-half percent tax is dedicated for capital improvement of interstate transportation systems), no expiration
- One-quarter percent for the City's fire department to be used for operations and improvements, authorized through December 31, 2036
- One-quarter percent to fund a capital plan for public safety, authorized through June 30, 2026
- Three-eighths percent for the KCATA, authorized through March 31, 2024
- One-half percent for Parks and Recreation, no expiration

The City collects a convention and tourism tax comprised of the following:

- Two percent on food, beverage and liquor sales from restaurants (the restaurant tax). The receipts are restricted to capital expenditures, including debt service requirements for sports, convention, tourism and exhibition facilities including Truman Sports Complex, Barney Allis Plaza, Bartle Hall and the Municipal Auditorium.
- Seven and one-half percent on gross receipts of hotel and motel room sales (the hotel tax)—40% of the gross receipts for the Convention and Visitors Association, 10% for the neighborhood tourism development fund and the remaining 50% for operating costs and capital expenses.

The City collects an earnings and profits tax equal to the following:

- A levy of 1% on earnings of all Kansas City, Missouri residents and all nonresidents working in Kansas City, Missouri
- A levy of 1% on business net profits
- The earnings and profits tax is required to be renewed every five years by public vote of Kansas City residents – the current voter approved authorization expires on December 31, 2021

City of Kansas City, Missouri
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Note 5: Interfund Transactions, Receivables, Payables and Transfers

Payments to the general fund by the enterprise funds for certain administrative, information and technology, accounting, legal and other services for the year ended April 30, 2016 are as follows (in thousands):

Fund	Amount
Water	\$ 5,757
Kansas City Airports	3,849
Sewer	5,214
Total	\$ 14,820

Individual interfund receivable and payable balances at April 30, 2016 are as follows (in thousands):

	Receivables					
	Governmental Funds					
	Major					
	Major Governmental Fund	Governmental Fund—Nonmajor	Fiduciary Funds	Governmental Fund—Capital	Governmental Trust Agency	Total Funds
Payables	General Improvements	Funds	Funds	Funds	Funds	
Major governmental funds						
General fund	\$ -	\$ -	\$ 1,450	\$ 1,450	\$ 2,848	\$ 8,759
Capital improvements	-	-	-	-	-	4,805
Nonmajor governmental funds	-	10,785	-	10,785	-	10,160
Total governmental funds	-	10,785	1,450	12,235	2,848	23,724
Fiduciary funds - Agency	-	1,628	-	1,628	-	-
Major enterprise funds						
Water	385	-	-	385	-	-
Sewer	-	-	-	-	-	-
Total enterprise funds	385	-	-	385	-	-
Total	\$ 385	\$ 12,413	\$ 1,450	\$ 14,248	\$ 2,848	\$ 23,724

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Receivables

Enterprise Funds

Enterprise Funds				
Water	Sewer	Airports	Total	Total
\$ 96	\$ 4	\$ 4,496	\$ 4,596	\$ 17,653
-	-	-	-	4,805
-	-	-	-	20,945
96	4	4,496	4,596	43,403
-	-	-	-	1,628
-	-	-	-	385
230	-	-	230	230
230	-	-	230	615
\$ 326	\$ 4	\$ 4,496	\$ 4,826	\$ 45,646

City of Kansas City, Missouri
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The City initiates interfund receivables and payables for various reasons. The reasons for the major receivables and payables during the current fiscal year are as follows:

General Fund Payable to Nonmajor Governmental Funds

- Amounts due to cover fund deficits in other funds

General Fund Payable to Pension Trust Funds

- Represents contributions due to the pension trust funds

General Fund Payable to Agency Funds

- Amounts due for tax increment financing (TIF) activity. Economic activities taxes are collected by the general fund, but are required to be transferred to the TIF agency fund as reimbursement for eligible project costs incurred on TIF projects

General Fund Payable to Water and Sewer Fund

- Amounts due for reimbursement for various operating costs

General Fund Payable to KC Airports Fund

- Amounts due for principal and interest on interfund borrowing made to repay certain historical TIF liability amounts

Capital Improvement Payable to Agency Funds

- Amounts due for tax increment financing (TIF) activity. Economic activities taxes are collected by the capital improvement fund, but are required to be transferred to the TIF agency fund as reimbursement for eligible project costs incurred on TIF projects

Nonmajor Governmental Funds Payable to the Capital Improvements Fund

- Due to interfund cash borrowing to cover cash deficits

Nonmajor Governmental Funds Payable to Agency Funds

- Amounts due for tax increment financing (TIF) activity. Economic activities taxes are collected by the nonmajor governmental funds, but are required to be transferred to the TIF agency fund as reimbursement for eligible project costs incurred on TIF projects

Fiduciary Funds - Agency Payable to the Capital Improvements Fund

- Due to interfund cash borrowing to cover cash deficits

Water Fund Payable to General Fund

- Amounts due for reimbursement for various operating costs

City of Kansas City, Missouri
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Sewer Fund Payable to Water Fund

- Amounts due for reimbursement for various operating costs

Interfund transfers for the year ended April 30, 2016 are as follows (*in thousands*):

	Transfers into			
	Major Governmental Funds			
	Capital	Nonmajor	Governmental	Total
Transfers out of	Fund	Fund	Funds	Transfers
Major governmental funds				
General fund	\$ -	\$ -	\$ 55,114	\$ 55,114
Capital improvements fund	-	-	24,106	24,106
Nonmajor governmental funds	40,079	2,381	50,608	93,068
Total Transfers	\$ 40,079	\$ 2,381	\$ 129,828	\$ 172,288

The City initiates transfers between funds for various reasons. The reasons for the majority of transfers during the current fiscal year are as follows:

General Fund to Nonmajor Governmental Funds

- Transfers for general operating subsidies
- Transfers to eliminate fund deficits
- Transfers to fund debt service payments

Capital Improvements Fund to Nonmajor Governmental Funds

- Transfers to fund youth employment and public art
- Transfers to fund debt service payments

Nonmajor Governmental Funds to General Fund

- Transfers were made from various nonmajor governmental funds to close out project funds or repay prior year interfund transfers to cover fund deficits
- Transfers were made to fund legal settlements

Nonmajor Governmental Funds to Capital Improvements Fund

- Transfers were made from various nonmajor governmental funds to partially fund streetcar debt and streetcar project costs

City of Kansas City, Missouri
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Nonmajor Governmental Funds to Nonmajor Governmental Funds

- Transfers were made between various nonmajor governmental funds to fund debt service for certain outstanding bonds and notes, partially fund ambulance service operations and to fund convention and tourism activities

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Note 6: Capital Assets

Capital asset activity for the year ended April 30, 2016 is as follows (*in thousands*):

	Primary Government - Governmental Activities			
	Balance April 30, 2015	Balance April 30, 2016	Additions 2016	Deductions 2016
Nondepreciable capital assets				
Land and permanent right of way	\$ 354,971	\$ 1,792	\$ (58)	\$ 356,705
Works of art and historical treasures	499	-	(100)	399
Infrastructure	2,340,843	5,411	(47,565)	2,298,689
Construction in progress	157,017	155,970	(109,397)	203,590
Total nondepreciable capital assets	<u>2,853,330</u>	<u>163,173</u>	<u>(157,120)</u>	<u>2,859,383</u>
Depreciable capital assets				
Temporary right of way	633	14	(612)	35
Land improvements	311,915	20,230	(209)	331,936
Buildings and improvements	1,319,062	74,658	(2,174)	1,391,546
Machinery and equipment	237,310	9,371	(7,831)	238,850
Fountains, statues and monuments	124,665	1,183		125,848
Infrastructure	236,915	13,942	(277)	250,580
Total depreciable capital assets	<u>2,230,500</u>	<u>119,398</u>	<u>(11,103)</u>	<u>2,338,795</u>
Less accumulated depreciation				
Temporary right of way	(588)	(39)	612	(15)
Land improvements	(107,570)	(15,644)	199	(123,015)
Buildings and improvements	(405,284)	(36,573)	1,090	(440,767)
Machinery and equipment	(178,160)	(16,021)	7,616	(186,565)
Fountains, statues and monuments	(43,704)	(3,046)	-	(46,750)
Infrastructure	(96,022)	(10,719)	233	(106,508)
Total accumulated depreciation	<u>(831,328)</u>	<u>(82,042)</u>	<u>9,750</u>	<u>(903,620)</u>
Total depreciable capital assets, net	<u>1,399,172</u>	<u>37,356</u>	<u>(1,353)</u>	<u>1,435,175</u>
Total governmental activities capital assets, net	<u>\$ 4,252,502</u>	<u>\$ 200,529</u>	<u>\$ (158,473)</u>	<u>\$ 4,294,558</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Depreciation expense was charged to functions as follows (*in thousands*):

General government	\$	10,658
Public safety (police, fire and municipal courts)		9,752
Public works		23,899
Convention facilities		13,748
Culture and recreation		19,874
Neighborhood development		1,938
Health		890
Unallocated		1,283
Total depreciation expense—governmental activities	\$	82,042

	Primary Government—Business-Type Activities			
	Balance		Balance	
	April 30,		April 30,	
	2015		2016	
	Additions	Deductions	2015	2016
Water				
Nondepreciable capital assets				
Land and permanent right of way	\$ 4,089	\$ -	\$ -	\$ 4,089
Construction in progress	81,722	77,142	(73,907)	84,957
Total nondepreciable capital assets	85,811	77,142	(73,907)	89,046
Depreciable capital assets				
Buildings and improvements	171,885	3,950	(2,285)	173,550
Utility lines and improvements	706,387	70,001	(3,151)	773,237
Machinery and equipment	63,040	13,826	(1,546)	75,320
Total depreciable capital assets	941,312	87,777	(6,982)	1,022,107
Less accumulated depreciation				
Buildings and improvements	(79,318)	(2,224)	2,267	(79,275)
Utility lines and improvements	(90,744)	(10,348)	3,169	(97,923)
Machinery and equipment	(28,890)	(4,650)	1,326	(32,214)
Total accumulated depreciation	(198,952)	(17,222)	6,762	(209,412)
Total depreciable capital assets, net	742,360	70,555	(220)	812,695
Total water capital assets	\$ 828,171	\$ 147,697	\$ (74,127)	\$ 901,741

City of Kansas City, Missouri
Notes to Basic Financial Statements
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	Primary Government—Business-Type Activities			
	Balance	Balance	Balance	Balance
	April 30,	April 30,	April 30,	April 30,
	2015	2015	2015	2015
	Additions	Deductions	Additions	Deductions
	2016	2016	2016	2016
Kansas City Airports				
Nondepreciable capital assets				
Land	\$ 38,213	\$ -	\$ -	\$ 38,213
Construction in progress	16,235	37,024	(40,630)	12,629
Total nondepreciable capital assets	<u>54,448</u>	<u>37,024</u>	<u>(40,630)</u>	<u>50,842</u>
Depreciable capital assets				
Buildings and improvements	674,911	3,959	-	678,870
Airport runways, aprons and roads	617,318	33,152	-	650,470
Machinery and equipment	107,213	4,235	(1,693)	109,755
Total depreciable capital assets	<u>1,399,442</u>	<u>41,346</u>	<u>(1,693)</u>	<u>1,439,095</u>
Less accumulated depreciation				
Buildings and improvements	(346,655)	(23,886)	-	(370,541)
Airport runways, aprons and roads	(436,927)	(26,006)	-	(462,933)
Machinery and equipment	(97,905)	(3,016)	1,693	(99,228)
Total accumulated depreciation	<u>(881,487)</u>	<u>(52,908)</u>	<u>1,693</u>	<u>(932,702)</u>
Total depreciable capital assets, net	<u>517,955</u>	<u>(11,562)</u>	<u>-</u>	<u>506,393</u>
Total Kansas City airports capital assets	<u>\$ 572,403</u>	<u>\$ 25,462</u>	<u>\$ (40,630)</u>	<u>\$ 557,235</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

	Primary Government—Business-Type Activities			
	Balance April 30, 2015	Balance Additions	Deductions	April 30, 2016
Sewer				
Nondepreciable capital assets				
Land and permanent right of way	\$ 12,739	\$ 645	\$ -	\$ 13,384
Construction in progress	53,923	72,281	(35,209)	90,995
Total nondepreciable capital assets	<u>66,662</u>	<u>72,926</u>	<u>(35,209)</u>	<u>104,379</u>
Depreciable capital assets				
Buildings and improvements	339,182	4,664	(2,692)	341,154
Utility lines and improvements	866,486	27,920	(1,485)	892,921
Machinery and equipment	91,473	16,421	(2,474)	105,420
Total depreciable capital assets	<u>1,297,141</u>	<u>49,005</u>	<u>(6,651)</u>	<u>1,339,495</u>
Less accumulated depreciation				
Buildings and improvements	(212,993)	(8,081)	2,692	(218,382)
Utility lines and improvements	(99,168)	(14,110)	1,485	(111,793)
Machinery and equipment	(41,110)	(6,368)	1,458	(46,020)
Total accumulated depreciation	<u>(353,271)</u>	<u>(28,559)</u>	<u>5,635</u>	<u>(376,195)</u>
Total depreciable capital assets, net	<u>943,870</u>	<u>20,446</u>	<u>(1,016)</u>	<u>963,300</u>
Total sewer capital assets	<u>\$ 1,010,532</u>	<u>\$ 93,372</u>	<u>\$ (36,225)</u>	<u>\$ 1,067,679</u>
Total business-type activities capital assets	<u>\$ 2,411,106</u>	<u>\$ 266,531</u>	<u>\$ (150,982)</u>	<u>\$ 2,526,655</u>

Business-type activities depreciation and amortization expense for the year ended April 30, 2016 was as follows:

Water	\$ 17,222
Kansas City Airport	52,936
Sewer	<u>28,559</u>
	<u>\$ 98,717</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Note 7: Long-Term Obligations

The following is a summary of long-term obligations of the City for the year ended April 30, 2016
(in thousands):

	Payable at Amounts				
	May 1, 2015 (as restated)⁽¹⁾	Payable at Additions	Due Within Reductions	April 30, 2016	One Year
Primary government					
Governmental activities					
General obligation bonds	\$ 378,785	\$ 42,195	\$ 74,065	\$ 346,915	\$ 30,660
Bonds - KCMAC	130,811	-	29,340	101,471	-
Implied loans - off market swaps	3,530	-	132	3,398	141
Bonds - PIEA	4,765	-	345	4,420	370
Special obligations	716,257	333,795	252,240	797,812	44,789
MTFC loan	4,247	-	1,361	2,886	1,418
Bonds - IDA	272,295	-	5,135	267,160	6,180
Bonds - LCRA	9,520	-	3,105	6,415	1,975
Notes payable - various	19,463	50,919	5,301	65,081	7,645
Net pension liability	536,688	36,934	4,584	569,038	-
Net other postemployment benefit obligation	54,230	7,010	4,656	56,584	-
Compensated absences	31,409	9,004	4,626	35,787	7,836
Claims payable	52,280	17,463	14,398	55,345	14,567
	<u>2,214,280</u>	<u>497,320</u>	<u>399,288</u>	<u>2,312,312</u>	<u>115,581</u>
Add unamortized premium	31,640	47,716	8,681	70,675	-
Less					
Discount	<u>9,020</u>	<u>425</u>	<u>6,408</u>	<u>3,037</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 2,236,900</u>	<u>\$ 544,611</u>	<u>\$ 401,561</u>	<u>\$ 2,379,950</u>	<u>\$ 115,581</u>

⁽¹⁾ The balances at May 1, 2015 were restated to reflect the City's adoption of GASB Statement No. 68.

The general fund and certain special revenue funds have typically been used in prior years to liquidate the compensated absences, pension, claims payable and other postemployment benefit obligation liabilities for the governmental activities.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

	Payable at		Payable at		Amounts	
	May 1, 2015	April 30,	Due Within	Additions	Reductions	2016
Business-type activities	(as restated) ⁽¹⁾	2016	One Year	2016	2016	One Year
Water						
Revenue bonds	\$ 367,410	\$ -	\$ 14,940	\$ 352,470	\$ 16,485	
Capital lease	16,544	-	16,544	-	-	
Add unamortized premium	23,717	-	1,120	22,597	-	
Less						
Discount	381	-	16	365	-	
Net pension liability	16,492	-	3,112	13,380	-	
Net other postemployment benefit obligation	5,188	669	453	5,404	-	
Compensated absences	3,405	893	605	3,693	900	
Claims payable	10,471	3,131	2,534	11,068	2,893	
Total Water	<u>442,846</u>	<u>4,693</u>	<u>39,292</u>	<u>408,247</u>	<u>20,278</u>	
Sewer						
Revenue bonds and loans	307,082	183,740	57,578	433,244	21,494	
Add unamortized premium	17,568	18,734	1,864	34,438	-	
Less						
Discount	567	464	226	805	-	
Net pension liability	14,461	-	3,170	11,291	-	
Net other postemployment benefit obligation	4,374	578	390	4,562	-	
Compensated absences	2,412	699	542	2,569	683	
Claims payable	5,572	2,531	2,330	5,773	1,545	
Total Sewer	<u>\$ 350,902</u>	<u>\$ 205,818</u>	<u>\$ 65,648</u>	<u>\$ 491,072</u>	<u>\$ 23,722</u>	

(1) The balances at May 1, 2015 were restated to reflect the City's adoption of GASB Statement No. 68.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

	Payable at Amounts				
	May 1, 2015	Payable at	Due Within	April 30, 2016	One Year
	(as restated)⁽¹⁾	Additions	Reductions	April 30, 2016	One Year
Kansas City Airports					
Revenue and PFC bonds	\$ 217,755	\$ -	\$ 22,435	\$ 195,320	\$ 23,530
Add unamortized premium	16,095	-	2,101	13,994	-
Less					
Discount	40	-	7	33	-
Net pension liability	15,398	-	3,165	12,233	-
Net other postemployment benefit obligation	5,017	809	709	5,117	-
Compensated absences	2,570	550	542	2,578	640
Claims payable	2,820	765	690	2,895	779
Other accrued liabilities	1,146	-	312	834	313
Total Kansas City Airports	260,761	2,124	29,947	232,938	25,262
Total business-type activities long-term liabilities	1,054,509	212,635	134,887	1,132,257	69,262
Total primary government	<u>\$ 3,291,409</u>	<u>\$ 757,246</u>	<u>\$ 536,448</u>	<u>\$ 3,512,207</u>	<u>\$ 184,843</u>

(1) The balances at May 1, 2015 were restated to reflect the City's adoption of GASB Statement No. 68.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Component units	Payable at Amounts				
	May 1, 2015	Payable at Due Within		April 30, 2016	
	(as restated)⁽¹⁾	Additions	Reductions	One Year	One Year
Tax Increment Financing Commission					
Long-term debt	\$ 120,320	\$ 26,625	\$ 41,480	\$ 105,465	\$ 14,430
Premium	326	-	22	304	-
Less					
Discount	282	-	43	239	-
Reimbursable developer project costs	517,294	43,116	55,823	504,587	49,000
Police Department					
Net OPEB obligations	25,455	5,232	1,194	29,493	-
Compensated absences	40,793	16,243	13,005	44,031	8,692
Claims payable	11,207	5,487	4,161	12,533	1,142
Port Authority					
Long-term debt	420	150	16	554	38
Total component units long-term liabilities	\$ 715,533	\$ 96,853	\$ 115,658	\$ 696,728	\$ 73,302

(1) The balances at May 1, 2015 were restated to reflect the Police Department's adoption of GASB Statement No. 68.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

The annual requirements to retire bonds, notes and leases outstanding at April 30, 2016, including interest payments, are as follows (*in thousands*):

Governmental Activities

Fiscal Year	General Obligation Full Faith & Credit		General Obligation (RZED) Full Faith & Credit		Street Light Full Faith & Credit	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 21,965	\$ 13,630	\$ -	\$ 527	\$ 8,660	\$ 587
2018	23,780	12,865	-	527	615	154
2019	25,815	11,880	-	527	645	123
2020	27,570	10,692	-	527	660	104
2021	28,960	9,894	-	527	690	71
2022-2026	146,520	32,367	10,195	1,374	725	36
2027-2031	48,115	5,330	-	-	-	-
2032-2036	1,770	62	-	-	-	-
2037-2041	-	-	-	-	-	-
Total	\$ 324,495	\$ 96,720	\$ 10,195	\$ 4,009	\$ 11,995	\$ 1,075

Fiscal Year	KCMACPIEA Bonds		Muehlebach and TIF		Bonds Payable - LCRA	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ -	\$ 1,853	\$ 370	\$ 249	\$ 1,975	\$ 257
2018	11,095	1,853	395	228	2,120	178
2019	15,855	1,298	425	207	2,320	92
2020	10,110	506	460	183	-	-
2021	7,033	8,392	485	158	-	-
2022-2026	25,931	41,999	2,285	332	-	-
2027-2031	31,097	80,718	-	-	-	-
2032-2036	350	1,140	-	-	-	-
2037-2041	-	-	-	-	-	-
Total	\$ 101,471	\$ 137,759	\$ 4,420	\$ 1,357	\$ 6,415	\$ 527

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Neighborhood Improvement District		Special Obligations				MTFC Loan		IDA	
Full Faith & Credit		Obligations		MTFC Loan		Principal		Interest	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 35	\$ 11	\$ 44,789	\$ 31,135	\$ 1,418	\$ 121	\$ 6,180	\$ 13,443		
35	9	44,904	33,759	1,468	62	7,900	13,149		
40	7	46,108	32,809	-	-	10,480	12,726		
40	6	43,673	31,560	-	-	15,255	12,131		
40	4	47,000	30,257	-	-	15,485	11,358		
40	2	182,003	136,591	-	-	80,380	44,976		
-	-	123,455	100,096	-	-	109,140	21,308		
-	-	185,525	40,087	-	-	22,340	1,238		
-	-	80,355	9,265	-	-	-	-		
<u>\$ 230</u>	<u>\$ 39</u>	<u>\$ 797,812</u>	<u>\$ 445,559</u>	<u>\$ 2,886</u>	<u>\$ 183</u>	<u>\$ 267,160</u>	<u>\$ 130,329</u>		

Other Notes and Lease Purchases		Implied Notes		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 7,645	\$ 1,478	\$ 141	\$ 217	\$ 93,178	\$ 63,508
7,091	1,323	151	207	99,554	64,314
7,282	1,176	161	197	109,131	61,042
7,546	1,027	175	189	105,489	56,925
7,345	861	184	174	107,222	61,696
28,172	2,023	1,031	669	477,282	260,369
-	-	1,045	343	312,852	207,795
-	-	510	39	210,495	42,566
-	-	-	-	80,355	9,265
<u>\$ 65,081</u>	<u>\$ 7,888</u>	<u>\$ 3,398</u>	<u>\$ 2,035</u>	<u>\$ 1,595,558</u>	<u>\$ 827,480</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Business-type Activities and Component Units

Fiscal Year	Water		SewerStorm		Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 16,485	\$ 14,877	\$ 21,090	\$ 17,040	\$ 404	\$ 41
2018	17,180	14,180	19,550	17,035	410	34
2019	17,895	13,462	20,105	16,393	416	28
2020	18,610	12,724	20,006	15,654	423	21
2021	19,340	11,948	20,317	14,785	429	14
2022-2026	88,345	47,258	92,430	62,067	439	12
2027-2031	72,580	29,561	96,378	41,753	47	1
2032-2036	67,165	14,411	95,690	19,852	-	-
2037-2041	34,870	2,708	45,110	3,823	-	-
Total	<u>\$ 352,470</u>	<u>\$ 161,129</u>	<u>\$ 430,676</u>	<u>\$ 208,402</u>	<u>\$ 2,568</u>	<u>\$ 151</u>

Fiscal Year	TIF Total		Port Authority			
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 14,430	\$ 6,260	\$ 38	\$ 22	\$ 14,468	\$ 6,282
2018	10,135	4,632	407	6	10,542	4,638
2019	10,905	4,014	21	3	10,926	4,017
2020	9,280	3,349	21	2	9,301	3,351
2021	13,965	2,712	21	1	13,986	2,713
2022-2026	28,695	7,564	46	3	28,741	7,567
2027-2031	18,055	1,733	-	-	18,055	1,733
2032-2036	-	-	-	-	-	-
Total	<u>\$ 105,465</u>	<u>\$ 30,264</u>	<u>\$ 554</u>	<u>\$ 37</u>	<u>\$ 106,019</u>	<u>\$ 30,301</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Airport		Total Business-Type Activities	
Principal	Interest	Principal	Interest
\$ 23,530	\$ 9,315	\$ 61,509	\$ 41,273
24,740	8,105	61,880	39,354
25,995	6,830	64,411	36,713
27,330	5,488	66,369	33,887
16,655	4,376	56,742	31,123
65,310	11,866	246,523	121,203
11,760	626	180,765	71,941
-	-	162,855	34,263
-	-	79,980	6,531
\$ 195,320	\$ 46,606	\$ 981,034	\$ 416,288

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Bonds, Notes and Lease Purchase payables at April 30, 2016, are comprised of the following issues:

Description	Maturity	Interest Rates	Redemption	Price	Balance
Date of Range of Optional Redemption Dates/Outstanding					
General Obligation					
Kansas City Zoo/Liberty Memorial/Other Cap Imp, Series 2007A	February 1, 2027	4.00% - 5.00%	The bonds maturing on and after 2/1/18 are subject to the following optional redemptions: 2/1/17 and thereafter – 100%, as a whole or in part at any time.		\$ 16,280,000
Kansas City Capital Impr/Zoo 2008A	February 1, 2028	3.00% - 5.00%	The bonds maturing on and after 2/1/19 are subject to the following optional redemptions: 2/1/18 and thereafter – 100%, as a whole or in part, at any time.		37,175,000
Kansas City Capital Improvement/ Refunding 2010A	February 1, 2022	2.00% - 5.00%	The bonds maturing on and after 2/1/21 are subject to the following optional redemptions: 2/1/20 and thereafter – 100%, as a whole or in part, at any time.		11,395,000
Kansas City Capital Improvement / Refunding 2011A	February 1, 2031	2.50% - 5.00%	The bonds maturing on and after 2/1/22 are subject to the following optional redemptions: 2/1/21 and thereafter – 100%, as a whole or in part, at any time.		38,875,000
Kansas City Capital Improvement/ Refunding 2012A	February 1, 2032	2.00% - 5.00%	The bonds maturing on and after 2/1/23 are subject to the following optional redemptions: 2/1/22 and thereafter – 100%, as a whole or in part, at any time.		178,575,000
Kansas City Capital Refunding 2015A	February 1, 2027	5.00%	The bonds maturing on and after 2/1/25 are subject to the following optional redemptions: 2/1/24 and thereafter – 100%, as a whole or in part, at any time.		42,195,000
Total General Obligation Bonds Outstanding					<u>\$ 324,495,000</u>
General Obligation					
Kansas City RZED Series 2010B	February 1, 2025	4.90% - 5.35%	The bonds, at the option of the City, in whole or in part, on any date upon the occurrence of an Extraordinary Event equal to the greater of the principal amount to be redeemed or the sum of the present values of the remaining scheduled debt service payments. The bonds maturing on and after 2/1/21 are subject to the following optional redemptions: 2/1/20 and thereafter – 100%, as a whole or in part, at any time.		\$ 10,195,000
Total General Obligation RZED Bonds Outstanding					<u>\$ 10,195,000</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Description	Maturity	Interest Rates	Redemption	Price	Balance
Date of Range of Optional Redemption Dates/Outstanding					
Streetlight Project, Series 2007A	February 1, 2017	4.00% - 5.00%	Optional redemption is not applicable to the streetlight refunding portion of Series 2007A. The streetlight refunding portion matures on 2/1/2017.		\$ 8,070,000
Streetlight Project, Series 2011A	February 1, 2022	2.50% - 5.00%	The bonds maturing on and after 2/1/22 are subject to the following optional redemptions: 2/1/21 and thereafter – 100%, as a whole or in part, at any time.		3,925,000
Total General Obligation Streetlight Bonds					<u>\$ 11,995,000</u>
General Obligation Bonds NID General Obligation Bonds NID Series 2011A	February 1, 2022	2.50% - 5.00%	The bonds maturing on and after 2/1/22 are subject to the following optional redemptions: 2/1/21 and thereafter – 100%, as a whole or in part, at any time.		\$ 230,000
Total General Obligation NID Bonds Outstanding					<u>\$ 230,000</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Description	Maturity Date	Range of Interest Rates	Optional Redemption Dates	Outstanding Balance	
KCMAC Bonds Bartle, Series 2004B-1 (CABS)	April 15, 2032	4.82% - 5.34% (CAB's yield)		Capital Appreciation Bonds (CABS) are not subject to optional call.	\$ 64,411,041
KCMAC Bonds Municipal Auditorium Parking Garage/ Music Hall and Bartle Hall, Series 2006A	April 15, 2020	4.25% -5.00%		Bonds maturing in the years 2017, 2021 through 2026, inclusive, and \$6,500,000 in aggregate principal amount maturing in the year 2020 are subject to optional redemption on and after 4/15/16, in whole or in part at any time at a price equal to 100%. (Partially Refunded in April 2016.)	37,060,000
Total KCMAC Bonds Outstanding					<u>\$ 101,471,041</u>
Other Notes Payable (Lease Purchase)					
Other Notes Payable	Various	Various		Subject to prepayment.	\$ 62,596,139
					<u>\$ 62,596,139</u>
Loan					
MTFC Loan	November 19, 2017	4.20%		Subject to prepayment.	\$ 2,885,944
Total MTFC Loan					<u>\$ 2,885,944</u>
Loan					
Implied Loan					\$ 2,862,127
Bartle Hall Swap 2008E	April 15, 2034	6.43%		Not Applicable	
Implied Loan	April 15, 2025	6.99%		Not Applicable	535,674
Bartle Hall Swap 2008F					
Total Implied Loans					<u>\$ 3,397,801</u>
PIEA Bonds Taxable Lease Revenue (300 Wyandotte) Series 2005	January 1, 2025	4.90% - 5.70%		Bonds maturing in the year 2017 and thereafter are subject to the following optional redemptions: 1/1/16 and thereafter – 100%; as a whole or in part at any time.	\$ 4,420,000
Total PIEA Bonds Outstanding					<u>\$ 4,420,000</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Description	Maturity	Date of Range of	Optional Redemption Dates/Outstanding	Interest Rates	Redemption Price	Balance
Special Obligation Bonds						
KCMO Special Obligation, Series 2008D Downtown Arena Project	April 1, 2040	6.43% - 7.83%	The Series 2008D bonds are subject to optional redemption and payment at any time, at the option of the City, as a whole or in part at a redemption price equal to the greater of (i) 100% of the principal amount thereof or (ii) the discounted value thereof, together, in either case, with accrued interest to the redemption date.		\$	14,670,000
KCMO Special Obligation, Series 2008E Bartle Hall Convention Center Project	April 15, 2034	Variable Rate Bonds - Series 2008E initially bear interest in the weekly interest rate period	The Series 2008E bonds bearing interest at a weekly interest rate are subject to optional redemption by the City, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date.			81,400,000
KCMO Special Obligation, Series 2008F Bartle Hall Convention Center Project	April 15, 2025	Variable Rate Bonds - Series 2008F initially bear interest in the weekly interest rate period	The Series 2008F bonds bearing interest at a weekly interest rate are subject to optional redemption by the City, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date.			20,865,000
KCMO Special Obligation Series 2009A 909 Walnut Parking Facility Project	February 1, 2024	Variable Rate Bonds - Series 2009A initially bear interest in the weekly interest rate period	The Series 2009A bonds bearing interest at a weekly interest rate are subject to optional redemption by the City, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date.			5,270,000
KCMO Special Obligation Series 2009B President Hotel Project	March 1, 2028	Variable Rate Bonds - Series 2009B initially bear interest in the weekly interest rate period	The Series 2009B bonds bearing interest at a weekly interest rate are subject to optional redemption by the City, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date.			13,715,000

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Description	Maturity	Interest Rates	Redemption	Price	Balance
Date of Range of Optional Redemption Dates/Outstanding					
KCMO Special Obligation Series 2009C Chouteau I-35 Project	March 1, 2024	Variable Rate	The Series 2009C bonds bearing interest at a		\$ 4,230,000
		Bonds - Series	weekly interest rate are subject to optional		
		2009C initially	redemption by the City, in whole or in part, at		
		bear interest in	any time, at a redemption price equal to the		
		the weekly	principal amount thereof to be redeemed, plus		
		interest rate	accrued but unpaid interest to the redemption		
		period	date.		
KCMO Special Obligation Series 2009D Chouteau I-35 Project	March 1, 2023	Variable Rate	The Series 2009D bonds bearing interest at a		3,475,000
		Bonds - Series	weekly interest rate are subject to optional		
		2009D initially	redemption by the City, in whole or in part, at		
		bear interest in	any time, at a redemption price equal to the		
		the weekly	principal amount thereof to be redeemed, plus		
		interest rate	accrued but unpaid interest to the redemption		
		period	date.		
KCMO Special Obligation Series 2009E Performing Arts Center Garage	February 1, 2029	3.10% - 6.98%	Not subject to optional redemption.		47,522,037
KCMO Special Obligation Series 2010A East Village Project	April 15, 2031	2.00% - 5.00%	Bonds maturing in year 2021 and thereafter are subject		4,510,000
			to redemption in whole or in part, on any day on and		
			after April 15, 2020 at 100% of the principal amount		
			thereof, plus interest accrued to the redemption date.		
KCMO Special Obligation Series 2010B Various Refunding	January 1, 2021	3.00% - 4.125%	Bonds maturing in year 2021 and thereafter are subject		9,030,000
			to redemption in whole or in part, on any day on and		
			after January 1, 2020 at 100% of the principal amount		
			thereof, plus interest accrued to the redemption date.		
KCMO Special Obligation Series 2010C Muehlebach DSR and Refunding Bonds	April 1, 2019	1.427% - 5.511%	Except for Extraordinary Optional Redemption, the		4,300,000
			bonds are not subject to redemption prior to maturity.		
KCMO Special Obligation Series 2012A Various Capital Projects	March 1, 2032	2.00% - 5.00%	Bonds maturing on March 1, 2023 and thereafter are subject		15,985,000
			to redemption in whole or in part at any time on and		
			after March 1, 2022 at 100% of the principal amount		
			thereof, plus interest accrued to the redemption date.		
KCMO Special Obligation Series 2012B Various Capital Project and Refunding	March 1, 2032	1.46% - 5.25%	Bonds maturing on March 1, 2023 and thereafter are subject		50,460,000
			to redemption in whole or in part, at any time on and		
			after March 1, 2022 at 100% of the principal amount		
			thereof, plus interest accrued to the redemption date.		
KCMO Special Obligation Series 2013B Various Capital Project and Refunding	August 1, 2033	2.00% - 5.00%	Bonds maturing on August 1, 2023 and thereafter are subject		40,070,000
			to redemption in whole or in part, at any time on and		
			after August 1, 2022 at 100% of the principal amount		
			thereof, plus interest accrued to the redemption date.		

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Description	Date of Maturity	Range of Optional Interest Rates	Redemption Dates/Outstanding	Price	Balance
KCMO Special Obligation Series 2013C Various Capital Project and Refunding	August 1, 2033	0.75% - 6.00%	Bonds maturing on August 1, 2023 and thereafter are subject to redemption in whole or in part, at any time on and after August 1, 2022 at 100% of the principal amount thereof, plus interest accrued to the redemption date.		\$ 16,190,000
KCMO Special Obligation Series 2014A Streetcar Project	September 1, 2037	2.00% - 5.00%	Bonds maturing on September 1, 2020 and thereafter are subject to redemption in whole or in part, at any time on and after September 1, 2019 at 100% of the principal amount thereof, plus interest accrued to the redemption date.		60,845,000
KCMO Special Obligation Series 2014B Various Capital Project	September 1, 2028	2.00% - 5.00%	Bonds maturing on September 1, 2024 and thereafter are subject to redemption in whole or in part, at any time on and after September 1, 2023 at 100% of the principal amount thereof, plus interest accrued to the redemption date.		13,660,000
KCMO Special Obligation Series 2014C Refunding	September 1, 2039	4.00% - 5.00%	Bonds maturing on and after September 1, 2023 are subject to redemption in whole or in part, at any time at 100% of the principal amount thereof, plus interest accrued to the redemption date.		32,775,000
KCMO Special Obligation Series 2014D Streetcar Expansion and Other Capital Projects	June 1, 2017 (Put Date)	1.208%	Bonds shall be subject to optional redemption, in whole or in part on any date at the redemption price of outstanding principal plus accrued interest, subject to Break Funding payment if prepaid within first year of issuance.		6,244,677
KCMO Special Obligation Series 2015A Various Capital Project and KCMAC Refunding	April 15, 2026	1.95%	No optional redemption.		18,800,000

City of Kansas City, Missouri

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Description	Maturity	Interest Rates	Redemption Price	Balance	
Date of Range of Optional Redemption Dates/Outstanding					
KCMO Special Obligation Series 2016A Various Capital Project	October 1, 2035	3.00% - 5.00%		Bonds maturing on October 1, 2026 and thereafter are subject to redemption in whole or in part, at any time on and after October 1, 2025 at 100% of the principal amount thereof, plus interest accrued to the redemption date.	\$ 60,590,000
KCMO Special Obligation Series 2016B Taxable Various Capital Projects	October 1, 2035	0.82% - 3.94%		Bonds maturing on October 1, 2026 and thereafter are subject to redemption in whole or in part, at any time on and after October 1, 2025 at 100% of the principal amount thereof, plus interest accrued to the redemption date.	33,520,000
KCMO Special Obligation Series 2016C Refunding KCMAC 2006A and Special Obligation 2008A	October 1, 2027	3.00% - 5.00%		Bonds maturing on October 1, 2026 and thereafter are subject to redemption in whole or in part, at any time on and after October 1, 2025 at 100% of the principal amount thereof, plus interest accrued to the redemption date.	31,125,000
KCMO Special Obligation Series 2016D Refunding Special Obligation 2008B	April 15, 2031	3.00% - 5.00%		Bonds maturing on April 15, 2026 and thereafter are subject to redemption in whole or in part, at any time on and after April 15, 2025 at 100% of the principal amount thereof, plus interest accrued to the redemption date.	25,650,000
KCMO Special Obligation Series 2016E Refunding Special Obligation 2008C and Capital Projects	April 1, 2040	3.125% - 5.00%		Bonds maturing on April 1, 2026 and thereafter are subject to redemption in whole or in part, at any time on and after April 1, 2025 at 100% of the principal amount thereof, plus interest accrued to the redemption date.	182,910,000
Total Special Obligation Bonds					\$ 797,811,714

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/Outstanding	Redemption Price	Balance
LCRA Bonds					
LCRA Refunding Bonds Series 2005E - Muehlebach Refunding Parking Garage	December 1, 2018	3.50% - 5.00%	Bonds maturing in the year 2016 and thereafter are subject to the following optional redemptions: 12/1/15 and thereafter – 100%; as a whole or in part at any time.		\$ 6,415,000
Total LCRA					<u>\$ 6,415,000</u>
Industrial Development Authority (IDA) Bonds					
IDA Bonds KC Live Project, Series 2005A	December 1, 2032	4.00% - 5.50%	Following the fixed rate conversion date, the Series 2005A bonds maturing on or after December 1, 2018 are subject to redemption and payment prior to maturity, at the option of Authority, which at the written direction from the City, in whole or in part at any time, on and after December 1, 2017 at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date thereof.		\$ 96,885,000
IDA Bonds Uptown/Midtown Refunding Series 2007A	April 1, 2022	4.00% - 5.00%	Bonds maturing in the year 2018 and thereafter are subject to the following optional redemptions: 4/1/17 and thereafter – 100%; as a whole or in part at any time.		21,045,000
IDA Bonds KC Live Project Refunding Series 2011A	September 1, 2032	2.00% - 5.50%	Bonds maturing in 9/1/22 and thereafter are subject to the following optional redemptions 9/1/21 and thereafter – 100%; from time to time as a whole or in part.		149,230,000
Total IDA Bonds					<u>\$ 267,160,000</u>
Notes HUD					
HUD - 108 18th and Vine	August 1, 2022	1.00%	Term is \$355,000 annual principal payment.		\$ 2,485,000
Total HUD 108 Notes Outstanding					<u>\$ 2,485,000</u>
Water Revenue Bonds					
Revenue Bonds, Water Subordinate Series 2008A	December 1, 2027	4.66%	Bonds may be called for redemption and payment prior to their stated maturity on June 1, 2018 and, thereafter 100% of the principal amount as a whole or in part at any time in such amounts for each stated maturity.		\$ 25,520,000
Revenue Bonds, Water Refunding and Improvement Revenue Bonds Series 2009A	December 1, 2032	2.00% - 5.25%	Bonds maturing on and after December 1, 2019 are subject to redemption prior to maturity, at the option of the City, in whole or in part at any time on or after December 1, 2018 at the principal amount thereof, together with accrued interest thereon to date of redemption at a price equal to 100%.		118,525,000
Revenue Bonds, Water Improvement Revenue Bonds Series 2012A	December 1, 2036	1.00% - 5.00%	Bonds maturing on and after December 1, 2022 are subject to redemption prior to maturity, at the option of the City, in whole or in part at any time on or after December 1, 2021, at the principal amount thereof, together with accrued interest thereon to date of redemption at a redemption price equal to 100%.		42,100,000

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Description	Maturity	Date of Range of Optional Redemption Dates/Outstanding Interest Rates	Redemption Price	Balance
Revenue Bonds Water Improvement Revenue Bonds Series 2013A	December 1, 2037	2.00% - 4.00%	Bonds maturing on and after December 1, 2022 are subject to redemption prior to maturity, at the option of the City, in whole or in part at any time on or after December 1, 2021, at the principal amount thereof, together with accrued interest thereon to date of redemption at a redemption price equal to 100%.	\$ 53,350,000
Revenue Bonds Water Improvement Revenue Bonds Series 2014A	December 1, 2038	2.00% - 5.00%	Bonds maturing on and after December 1, 2024 are subject to redemption prior to maturity, at the option of the City, in whole or in part at any time on or after December 1, 2023, at the principal amount thereof, together with accrued interest thereon to date of redemption at a redemption price equal to 100%.	53,185,000
Revenue Bonds Water Improvement Revenue Bonds Series 2015A	December 1, 2039	3.25% - 5.00%	Bonds maturing on and after December 1, 2025 are subject to redemption prior to maturity, at the option of the City, in whole or in part at any time on or after December 1, 2024, at the principal amount thereof, together with accrued interest thereon to date of redemption at a redemption price equal to 100%.	59,790,000
Total Water Revenue Bonds and Leases				<u>\$ 352,470,000</u>
Sewer Revenue Bonds				
Revenue Bonds Sewer, Series 1997A, (State Revolving Fund)	January 1, 2017	3.95% - 5.75%	Original optional redemption was as follows: Bonds maturing on and after 1/1/08 may be called for redemption in whole or in part on any date with the consent of bond owner or on each interest payment date commencing 1/1/07 at 100% on and after 1/1/09. This optional redemption was amended by ordinance No. 010579 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period.	\$ 1,365,000

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Description	Date of Maturity	Range of Interest Rates	Optional Redemption Price	Balance	Redemption Dates/Outstanding
Revenue Bonds Sewer, Series 1998A, (State Revolving Fund)	January 1, 2019	3.90% - 5.25%			\$ 1,990,000
					Bonds maturing on and after 1/1/09 are subject to redemptions in whole or in part on any date with the consent of the bondholder or on each June 1 and December 1 commencing 6/1/08 at the following redemption prices: 6/1/08 - 5/31/09 - 101%; 6/1/09 - 5/31/10 - 100.5%; 6/1/10 and thereafter - 100%.
Revenue Bonds Sewer, Series 1999A, (State Revolving Fund)	January 1, 2020	3.625% - 5.25%			1,660,000
					Original optional redemption was as follows: Bonds maturing on and after 1/1/10 may be called for redemption in whole or in part on any date with the consent of the bond owner or on each June 1 and December 1 commencing 6/1/09 following redemption dates and prices: 6/1/09 to 5/31/10 - 101% 6/1/10 to 5/31/11 - 100.5% 6/1/11 and thereafter- 100% This optional redemption was amended by ordinance No. 040140 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period.
Revenue Bonds Sewer, Series 2000A, (State Revolving Fund)	July 1, 2020	4.60% - 5.75%			3,775,000
					Original optional redemption was as follows: Series 2000A maturing on 7/1/11 may be called for redemption and payment prior to maturity in whole or in part on any date with the consent of the bond owner or each June 1 and December 1, commencing 6/1/10 at the redemption price of 100%. This optional redemption was amended by ordinance No. 040140 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period.
Revenue Bonds Sewer, Series 2000B, (State Revolving Fund)	July 1, 2020	4.25% - 5.625%			3,405,000
					Original optional redemption was as follows: Series 2000B maturing 7/1/13 may be called for redemption and payment prior to maturity in whole or in part on any date on and after 9/1/10 with the consent of the bond owner or on each June 1 and December 1, commencing 12/1/10 at the redemption price of 100%. This optional redemption was amended by ordinance No. 040140 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period.

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Notes to Basic Financial Statements
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Description	Maturity	Date of Range of Optional Redemption Dates/Outstanding Interest Rates	Redemption Price	Balance
Revenue Bonds Sewer, Series 2001B, (State Revolving Fund)	July 1, 2022	3.00% - 5.375%	Bonds maturing on 7/1/22 may be called for redemption and payment prior to maturity as a whole or in part on any date on and after 6/1/11 with the consent of bond owner or on each June 1 and December 1 commencing 6/1/11 without premium.	\$ 6,895,000
Revenue Bonds Sewer, Series 2002J	July 1, 2022	2.00% - 5.50%	The bonds maturing on 7/1/13 and thereafter may be called for redemption and payment prior to maturity as a whole or in part on any date with the consent of bondholder or on each June 1 and December 1, commencing 12/1/12 without premium.	4,110,000
Revenue Bonds Sewer, Series 2004H	January 1, 2025	3.00% - 5.25%	Bonds maturing on 1/1/15 and thereafter, except as provided below, may be called for redemption prior to maturity in whole or in part on any date with the consent of the bond owner or on each June 1 and December 1, commencing 12/1/13 at the redemption price of 100%. Bonds maturing on 1/19, 1/20 and 1/21 are not subject to redemption.	5,300,000
Revenue Bonds Sewer Series 2009A	January 1, 2034	2.50% - 5.25%	Bonds maturing on and after 1/1/20 are subject to the following optional redemption: 1/1/19 and thereafter - 100%, as a whole or in part at any time.	57,615,000
Revenue Bonds Sewer Series 2009B	January 1, 2030	1.48%	At the option of the City, with the prior written consent of the owner of the bonds may be called for redemption and payment prior to stated maturity in whole or in part at any time, at the redemption price of 100%.	10,726,000
Revenue Bonds Sewer Series 2011A	January 1, 2037	2.00% - 5.00%	Bonds maturing on and after 1/1/22 are subject to the following optional redemption: 1/1/21 and thereafter - 100%, as a whole or in part at any time.	78,865,000
Revenue Bonds Sewer Series 2012A	January 1, 2037	2.00% - 5.00%	Bonds maturing on and after 1/1/23 are subject to the following optional redemption: 1/1/22 and thereafter - 100%, as a whole or in part at any time.	71,230,000
Revenue Bonds, Sewer Series 2016A	January 1, 2040	2.00% - 5.00%	Bonds maturing on and after 1/1/26 are subject to the following optional redemption: 1/1/25 and thereafter - 100%, as a whole or in part at any time.	183,740,000
				\$ 430,676,000
Total Sewer Revenue Bonds				

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Description	Maturity	Date of Range of Optional Redemption Dates/Outstanding	Interest Rates	Redemption Price	Balance
Storm Water Loan					
Storm Water Loan, Series 2000	December 1, 2020	1.70%	Subject to prepayment.	\$	359,200
Storm Water Loan, Series 2001 & 2002	December 1, 2021	1.60%	Subject to prepayment		1,946,000
Storm Water Loan, Series 2007	June 1, 2027	1.40%	Subject to prepayment		263,000
Total Storm Water Loans Outstanding					<u>\$ 2,568,200</u>
Airport Revenue Bonds Subordinated Taxable Imp CFC Series 2005C	September 1, 2020	5.00% - 5.25%	Bonds maturing on 9/1/16 and after are subject to the following optional redemptions: 9/1/15 and thereafter - 100%, as a whole or in part, on any interest payment date.		24,750,000
Airport Revenue Bonds Gen Imp Refunding, Series 2013A	September 1, 2027	2.00% - 5.25%	Bonds maturing on and after 9/1/22 may be called for redemption in whole or in part at any time on and after September 1, 2021 equal to 100% of the principal amount, plus accrued interest thereon to the redemption date.		127,875,000
Airport Revenue Bonds Imp Refunding, Series 2013B	September 1, 2019	4.00% - 5.00%	The Series 2013B are not subject to redemption prior to maturity.		42,695,000
Total Airport Revenue Bonds Outstanding					<u>\$ 195,320,000</u>

Variable Rate Demand Bonds

The City has outstanding \$128,955,000 principal amount of various variable rate demand bonds (“Bonds”) as of April 30, 2016. These Bonds are remarketed by remarketing agents on a periodic basis for an annual fee of 8 basis points (0.08%) of the outstanding principal amount of the Bonds. The Bonds are supported by liquidity agreements in the event the Bonds are not able to be remarketed. As of April 30, 2016, the liquidity agreements have varying expiration dates from May 1, 2017 through May 15, 2018. Any advances made under the liquidity agreements are generally converted to installment loans payable over a period of two (2) to five (5) years. The portion of the bonds that could be required to be repaid within one year under the demand provisions or the liquidity agreements is reflected as current in the schedules above, and has been included as Demand bonds due within one year in the Statement of Net Position. At April 30, 2016, all variable rate bonds had been successfully remarketed. The interest rates on each of the Bonds for the last week of April 2016 were used for calculating estimated future interest payments on the Bonds.

Note: The following are the remarketing agents for the City’s special obligation variable rate demand bonds: (a) Wells Fargo Brokerage Services, LLC for Series 2009A, (b) Merrill Lynch, Pierce, Fenner and Smith Inc. for Series 2009B, 2009C and 2009D and (e) Citigroup Global Markets, Inc. for Series 2008E and 2008F.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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As mentioned above, the liquidity agreements include a provision for the provider to convert the bonds to an installment loan in the event the remarketing agent is unable to resell the bonds, commonly referred to as a take-out agreement. As shown in the table below, none of the City's take-out agreements expire within one year of the fiscal year ending April 30, 2016.

City of Kansas City, Missouri

Notes to Basic Financial Statements

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The following table shows the various terms of the liquidity agreements for each of the Bonds.

Issuer	Bond Name	Purpose	Maturity Date	Bond Security		Bonds Subject to Purchase on the Demand of Bondholders	Optional Redemption Provision	LOC Provider	LOC Expiration	LOC Annual Fee	LOC Commitment	LOC Fee Paid in Fiscal Year 2016	Bank Bonds as of 4/30/16	Term Loan Repayment Term	Loan Rate
Special Obligation (City)	City of Kansas City, Missouri Variable Rate Demand Special Obligation Refunding Bonds, Series 2008E (H. Roe Barile Convention Center Project) - \$81,400,000 Par Amount	To refund Series 2004A bonds, which funded the H. Roe Barile Convention Center Project	4/15/2034		Annual Appropriation Pledge	Yes. Need to be purchased on a business day not prior to the 7th day after the date of the delivery of the bondholders' notice	Bonds bearing interest at a weekly interest rate are subject to optional redemption, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date	Sumitomo Mitsui Banking Corporation	08/03/17	0.75%	Principal of bonds plus 45 days interest at 10% per annum	\$ 631,327	None	*Five years, payable in ten equal semi-annual payments beginning from the earlier of (a) the six-month anniversary of the Termination Date of the LOC or (b) such earlier date as may be requested by the City	Days 1-30: Base Rate. Days 31-90: Base Rate plus 1.00%. Days 91+: Base Rate plus 2.00%. Base Rate higher of LIBOR Index Rate plus 3.00%, Prime Rate plus 2.00%, Fed. Funds plus 3.00% or SIFMA plus 3.00%.
Special Obligation (City)	City of Kansas City, Missouri Variable Rate Demand Special Obligation Refunding Bonds, Series 2008F (H. Roe Barile Convention Center Project) - \$20,865,000 Par Amount	To refund Series 2005 bonds, which funded the H. Roe Barile Convention Center Project	4/15/2025		Annual Appropriation Pledge	Yes. Need to be purchased on a business day not prior to the 7th day after the date of the delivery of the bondholders' notice	Bonds bearing interest at a weekly interest rate are subject to optional redemption, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date	Sumitomo Mitsui Banking Corporation	08/03/17	0.75%	Principal of bonds plus 45 days interest at 10% per annum	\$ 164,057	None	*Five years, payable in ten equal semi-annual payments beginning from the earlier of (a) the six-month anniversary of the Termination Date of the LOC or (b) such earlier date as may be requested by the City	Days 1-30: Base Rate. Days 31-90: Base Rate plus 1.00%. Days 91+: Base Rate plus 2.00%. Base Rate higher of LIBOR Index Rate plus 3.00%, Prime Rate plus 2.00%, Fed. Funds plus 3.00% or SIFMA plus 3.00%.
Special Obligation (City)	City of Kansas City, Missouri Variable Rate Demand Taxable Special Obligation Refunding Bonds, Series 2009A (909 Walnut Parking Facility Project) - \$7,490,000 Par Amount	To refund Series 2005, which funded the costs in the development of the 909 Walnut Parking Facility Project	2/1/2024		Annual Appropriation Pledge	Yes. Need to be purchased on a business day not prior to the 7th day after the date of the delivery of the bondholders' notice	Bonds bearing interest at a weekly interest rate are subject to optional redemption, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date	U.S. Bank, NA	05/15/18	1.00%	Principal of bonds plus 35 days interest at 10% per annum	\$ 61,976	None	Two years, payable in equal quarterly principal installments beginning first calendar quarter 180 days after date of tender	Days 1-90: Base Rate plus 1.50%. Days 91-180: Base Rate plus 2.50%. Days 181+: Base Rate plus 3.50%. Base Rate = higher of Prime Rate and 2.00% per annum in excess of the LIBOR Rate. Base Rate shall not be less than 7.5% per annum.
Special Obligation (City)	City of Kansas City, Missouri Variable Rate Demand Special Obligation Refunding Bonds, Series 2009C and 2009D (Chouteau I-35 Project) - \$12,245,000 combined Par Amount	To refund the Series 2004 bonds, which funded the Chouteau I-35 Redevelopment Project	2009C - 3/1/2024 2009D - 3/1/2023		Annual Appropriation Pledge	Yes. Need to be purchased on a business day not prior to the 7th day after the date of the delivery of the bondholders' notice	Bonds bearing interest at a weekly interest rate are subject to optional redemption, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date	JPMorgan Chase Bank, NA	05/01/17	0.90%	Principal of bonds plus 39 days interest at 10% per annum	\$ 79,957	None	Three years, payable every six months in equal principal installments beginning the sixth month immediately following the Term Loan Start Date (the day following the related Tender Drawing)	Days 1-90: higher of JP Morgan Prime Rate plus 1.50%, Fed. Funds plus 2.00% or 8.50%. Days 91+: higher of JP Morgan Prime Rate plus 2.50%, Fed. Funds plus 3.00% or 8.50%
Special Obligation (City)	City of Kansas City, Missouri Variable Rate Demand Taxable Special Obligation Refunding Bonds, Series 2009B (President Hotel Project) - \$17,400,000 Par Amount	To refund the Series 2004 bonds, which funded the President Hotel Redevelopment Project	3/1/2028		Annual Appropriation Pledge	Yes. Need to be purchased on a business day not prior to the 7th day after the date of the delivery of the bondholders' notice	Bonds bearing interest at a weekly interest rate are subject to optional redemption, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date	JPMorgan Chase Bank, NA	05/01/17	0.90%	Principal of bonds plus 39 days interest at 10% per annum	\$ 133,773	None	Three years, payable every six months in equal principal installments beginning the sixth month immediately following the Term Loan Start Date (the day following the related Tender Drawing)	Days 1-90: higher of JP Morgan Prime Rate plus 1.50%, Fed. Funds plus 2.00% or 8.50%. Days 91+: higher of JP Morgan Prime Rate plus 2.50%, Fed. Funds plus 3.00% or 8.50%

Notes:

*Five years unless the following occurs earlier: (a) Early Expiration Date, (b) Maturity Date of the bonds, (c) an Event of Default and (d) acceleration, prepayment, redemption, defeasance or other payment of the Bank Bonds purchased pursuant to such Principal Purchase Drawing.

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General Obligation Bonds Refunding

On June 4, 2015, the City issued General Obligation Refunding Bonds, Series 2015A (“Series 2015A”) to partially refund the following:

- **Advance Refunding** - General Obligation Improvement and Refunding Bonds, Series 2007A (“Series 2007A Refunded Bonds”)

The total par amount of Series 2015A bonds was \$42,195,000. The Series 2007A Refunded Bonds were refunded to reduce the City’s total debt service payment. On June 4, 2015, \$48,570,323 was directly sent to the escrow agent of the Series 2007A Refunded Bonds and was used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with the escrow agent to provide for all future debt service payments on \$44,535,000 of outstanding aggregate principal. The Series 2007A Refunded Bonds are due to be called on February 1, 2017. As a result of these actions, the Series 2007A Refunded Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term obligation. Refer to tables on pages A-118 – A-119 for more additional refunding information.

Sanitary Sewer System Revenue Bonds Refunding

On February 10, 2016, the City issued Sanitary Sewer System Improvement and Refunding Revenue Bonds, Series 2016A (“Series 2016A”) to refund the following bonds (collectively, the “Sanitary Sewer System Refunded Bonds”):

- **Current Refunding** - Sanitary Sewer System Revenue Bonds, Series 2005B (“Series 2005B Refunded Bonds”)
- **Advance Refunding** - Sanitary Sewer System Revenue Bonds, Series 2007A (“Series 2007A Refunded Bonds”)

The total par amount of the Series 2016A bonds was \$183,740,000. A total of \$150,000,000 of this par amount was new money to finance the Sanitary Sewer System Project. The Sanitary Sewer System Refunded Bonds were refunded to reduce the City’s total debt service payment. On February 10, 2016, \$8,603,766 and \$32,055,095 (\$2,583,195 of this amount came from Series 2007A Refunded Bonds project fund) were directly sent to the escrow agent of the Series 2005B and Series 2007A Refunded Bonds, respectively, and were used to purchase U.S. Government securities. The Series 2005B and 2007A Refunded Bonds securities were deposited in an irrevocable trust with each respective escrow agent to provide all future debt service payments on \$8,530,000 and \$30,765,000 of outstanding principal, respectively. The Series 2005B was called on March 15, 2016 and the Series 2007A is to be called on January 1, 2017. As a result of these actions, the Sanitary Sewer System Refunded Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term obligation. Refer to tables on pages A-118 – A-119 for more additional refunding information.

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The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$32,578 and \$704,124 for the Series 2005B and 2007A Refunded Bonds, respectively. For Series 2005B and 2007A Refunded Bonds, the difference reported in the accompanying financial statements as a deferred loss on refunding of bonds and is being charged to operations through the year 2025 and 2032, respectively, using the straight-line method.

Special Obligation Bonds Refunding – Series 2016C

On April 21, 2016, the City issued Special Obligation Refunding Bonds, Series 2016C (“Special Obligation Bonds, Series 2016C”) to refund the following bonds (collectively, the “KCMAC and Special Obligation Refunded Bonds”):

- **Current Refunding** - Kansas City Municipal Assistance Corporation (“KCMAC”) Leasehold Refunding and Improvement Revenue Bonds, (H. Roe Bartle Convention Center, Music Hall and Municipal Auditorium Plaza Garage Projects), Series 2006A (“KCMAC Series 2006A Refunded Bonds”)
- **Advance Refunding** - Special Obligation Improvement and Refunding Revenue Bonds, (Kansas City, Missouri Projects), Series 2008A (“Special Obligation Series 2008A Refunded Bonds”)

The total par amount of the Special Obligation Bonds, Series 2016C was \$31,125,000. The KCMAC Series 2006A and Special Obligation Series 2008A Refunded Bonds were refunded to reduce the City’s total debt service payment. On April 21, 2016, \$15,930,827 was directly sent to the trustee of the KCMAC Series 2006A Refunded Bonds. The trustee used the moneys to purchase U.S. Government securities. The cash was deposited in an irrevocable trust with the trustee to provide for all future debt service payments on \$15,845,000 of outstanding aggregate principal. The KCMAC Series 2006A Refunded Bonds were called on May 24, 2016. On April 21, 2016, \$18,308,007 was directly sent to the escrow agent of the Special Obligation Series 2008A Refunded Bonds and was used to purchase U.S. Government securities. The securities were deposited in an irrevocable trust with the escrow agent to provide for all future debt service payments on \$17,025,000 of outstanding aggregate principal. The Special Obligation Series 2008A Refunded Bonds will be called on March 1, 2018. As a result of these actions, the KCMAC Series 2006A and Special Obligation Series 2008A Refunded Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term obligations. Refer to tables on pages A-117 – A-120 for more additional refunding information.

Special Obligation Bonds Refunding – Series 2016D

On April 21, 2016, the City issued Special Obligation Refunding Bonds, Series 2016D (“Special Obligation Bonds, Series 2016D”) to refund the following bonds:

- **Advance Refunding** - Special Obligation Improvement Revenue Bonds, (East Village Projects), Series 2008B (“Special Obligation Series 2008B Refunded Bonds”)

City of Kansas City, Missouri
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The total par amount of the Special Obligation Bonds, Series 2016D was \$25,650,000. The Special Obligation Series 2008B Refunded Bonds were refunded to reduce the City's total debt service payment. On April 21, 2016, \$29,098,102 was directly sent to the escrow agent of the Special Obligation Series 2008B Refunded Bonds and was used to purchase U.S. Government securities. The securities were deposited in an irrevocable trust with the escrow agent to provide for all future debt service payments on \$26,930,000 of outstanding aggregate principal. The Special Obligation Series 2008B Refunded Bonds will be called on April 15, 2018. As a result of these actions, the Special Obligation Series 2008B Refunded Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term obligations. Refer to tables on pages A-117 – A-120 for more additional refunding information.

Special Obligation Bonds Refunding – Series 2016E

On April 21, 2016, the City issued Special Obligation Improvement and Refunding Bonds, Series 2016E (“Special Obligation Bonds, Series 2016E”) to refund the following bonds:

- **Advance Refunding** - Special Obligation Improvement and Refunding Revenue Bonds, (Downtown Arena Project), Series 2008C (“Special Obligation Series 2008C Refunded Bonds”)

The total par amount of the Special Obligation Bonds, Series 2016E was \$182,910,000. A total of \$5,825,000 of this par amount was new money to finance certain improvements to the Downtown Arena. The Special Obligation Series 2008C Refunded Bonds were refunded to reduce the City's total debt service payment. On April 21, 2016, \$200,720,178 was directly sent to the escrow agent of the Special Obligation Series 2008C Refunded Bonds and was used to purchase U.S. Government securities. The securities were deposited in an irrevocable trust with the escrow agent to provide for all future debt service payments on \$184,660,000 of outstanding aggregate principal. The Special Obligation Series 2008C Refunded Bonds will be called on April 1, 2018. As a result of these actions, the Special Obligation Series 2008C Refunded Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term obligations. Refer to tables on pages A-117 – A-120 for more additional refunding information.

City of Kansas City, Missouri
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Refunded Bonds	Type of Optional Refunding	Call Dates	Par Amount of Interest Rate		Original Principal
			Refunding Bonds	Refunding Amount of Refunded Bonds*	
General Obligation, Series 2007A	Advance	2/1/2017	\$ 42,195,000	2.70%	\$ 130,005,000
Sewer System, Series 2005B	Current	3/15/2016	7,765,000	1.49%	15,550,000
Sewer System, Series 2007A	Advance	1/1/2017	25,975,000	2.54%	40,000,000
KCMAC Series 2006A	Current	5/24/2016	15,205,000	1.15%	129,650,000
Special Obligation, Series 2008A	Advance	3/1/2018	15,920,000	2.02%	28,495,000
Special Obligation, Series 2008B	Advance	4/15/2018	25,650,000	2.67%	29,310,000
Special Obligation, Series 2008C	Advance	4/1/2018	177,085,000	3.41%	204,525,000
Total			<u>\$ 309,795,000</u>		<u>\$ 577,535,000</u>

Calculation of Escrow Monies

	G.O.Sewer System Sewer System KCMAC Special Obligation				
	2007A	2005B	2007A	2006A	2008A
Par amount	\$ 42,195,000	\$ 7,765,000	\$ 25,975,000	\$ 15,205,000	\$ 15,920,000
Net/Premium	6,741,875	884,450	3,655,942	799,202	2,497,063
Other sources	-	-	2,583,195	-	-
Less					
Cost of issuance	365,214	42,262	158,346	73,364	105,802
Additional proceeds	1,338	3,422	696	11	3,254
Escrow deposits	<u>\$ 48,570,323</u>	<u>\$ 8,603,766</u>	<u>\$ 32,055,095</u>	<u>\$ 15,930,827</u>	<u>\$ 18,308,007</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

	Principal	Types	of Years	of Gross				
	Amount of	Interest Range of	Amount	Investments	Savings/	Savings/	Economic	
	Refunded Bonds	Refunded Bonds	Escrowed	Purchased	Dissavings	Dissavings	Gain (Loss)	
\$	44,535,000	4.00% - 5.00%	\$ 48,570,323	Tbill/Tnote	12	\$ 3,338,919	\$ 3,199,048	
	8,530,000	3.00% - 5.00%	8,603,766	SLGS	9	1,220,614	1,135,732	
	30,765,000	4.00% - 5.00%	32,055,095	SLGS	16	5,241,973	3,797,617	
	15,845,000	4.25% - 5.00%	15,930,827	SLGS	4	1,250,870	1,099,971	
	17,025,000	3.00% - 5.00%	18,308,007	SLGS	12	1,766,022	1,436,784	
	26,930,000	3.75% - 5.00%	29,098,102	SLGS	15	3,355,388	2,733,406	
	184,660,000	4.00% - 5.50%	200,720,178	SLGS	24	29,328,179	19,886,641	
	<u>328,290,000</u>		<u>\$ 353,286,298</u>			<u>\$ 45,501,965</u>	<u>\$ 33,289,199</u>	

	Special Obligation	Special Obligation	
	2008B	2008C	Total
\$	25,650,000	\$ 177,085,000	\$ 309,795,000
	3,659,143	24,846,083	43,083,758
	-	-	2,583,195
	208,585	1,210,160	2,163,733
	2,456	745	11,922
	<u>29,098,102</u>	<u>\$ 200,720,178</u>	<u>\$ 353,286,298</u>

City of Kansas City, Missouri
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Principal Outstanding Amounts of Previously Advance Refunded Bonds

The following are the principal amounts outstanding of bonds that were advance refunded by the City in prior years and have not been called by the respective paying agent as of April 30, 2016:

Description of Bonds	Fiscal Year of the Advanced Refunding	Call Date	Escrow Agent	Outstanding Amount as of April 30, 2016
Special Obligation Bonds, Series 2010B (KCMAC Series 1999A refunded portion only)	2012	Shall mature in accordance with the stated terms	First Bank of Missouri	\$ 1,340,000
Water Revenue Bonds, Series 2004D	2009	Shall mature in accordance with the stated terms	UMB Bank, NA	\$ 15,450,000
Water Revenue Bonds, Series 2005F	2009	Shall mature in accordance with the stated terms	UMB Bank, NA	\$ 24,615,000
IDA Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A refunded portion only	2014	12/1/2017	UMB Bank, NA	\$ 5,165,000
IDA Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2011A refunded portion only	2014	Shall mature in accordance with the stated terms	UMB Bank, NA	\$ 10,055,000

City of Kansas City, Missouri
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Description of Bonds	Fiscal Year of the Advanced Refunding	Call Date	Escrow Agent	Outstanding Amount as of April 30, 2016
General Obligation Improvement and Refunding Bonds, Series 2007A refunded portion only	2016	2/1/2017	First Bank of Missouri	\$ 43,810,000
Sanitary Sewer System Revenue Bonds, Series 2007A	2016	1/1/2017	UMB Bank, NA	\$ 30,765,000
Special Obligation Improvement Revenue Bonds, Series 2008A	2016	3/1/2018	First Bank of Missouri	\$ 17,025,000
Special Obligation Improvement Bonds, Series 2008B	2016	4/15/2018	Bank of New York Mellon Trust	\$ 26,930,000
Special Obligation Improvement Revenue Bonds, Series 2008C	2016	4/1/2018	Commerce Bank	\$ 184,660,000

City of Kansas City, Missouri
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Derivative Instruments

At April 30, 2016, the City has the following two interest rate swap derivative instruments outstanding (amounts in thousands):

Derivative Instrument	Type	Objective	Counterparty	Amount of April 30, 2016	Date	Optional Notional Amount Received	Notional Amount as of Effective Date	Termination Date	Cash (Paid)	Terms	
A	Pay-fixed interest rate swap	Hedge interest rate risk on Series 2008E Bonds (Bartle Hall Project)	Citibank, N.A.	\$ 80,885		\$ 80,885		Amended - 8/13/2008 Original - 10/19/2004	4/15/2034	\$ 35	Pay 3.677% Receive 68% of the USD-LIBOR-BBA
B	Pay-fixed interest rate swap	Hedge interest rate risk on Series 2008F Bonds (Bartle Hall Project)	Citibank, N.A.	20,610		20,610		Amended - 8/13/2008 Original - 1/19/2005	4/15/2025	35	Pay 3.667% Receive 68% of the USD-LIBOR-BBA

Outstanding Derivative Instrument

Citibank, N.A., (the “Swap Counterparty”) and the Kansas City Municipal Assistance Corporation (“KCMAC”) previously entered into a certain ISDA Master Agreement (derivative instruments A & B) dated as of October 18, 2004, including Schedule, Credit Support Annex and Confirmations (the “Original Derivative Instrument – Bartle Hall Project”) with respect to the KCMAC Series 2004A and Series 2005 Bonds (collectively referred to herein as “KCMAC Refunded Bonds”). The KCMAC Refunded Bonds were issued to finance the City’s H. Roe Bartle Convention Center Project.

The City refunded the KCMAC Refunded Bonds by issuing its Kansas City, Missouri Special Obligation Refunding Bonds, Series 2008E and 2008F (collectively referred to herein as “City Refunding Bonds”). At the time of the refunding, KCMAC assigned to the City all of its rights and obligations under the Original Derivative Instrument - Bartle Hall Project pursuant to an Assignment and Assumption Agreement among KCMAC, the City and the Swap Counterparty.

Fair Values (At-market Portion)

Table A

Derivative Instrument	Asset (Liability)	Fair Value	
		April 30, 2016	April 30, 2015
A		\$ (25,659,033)	\$ (22,866,424)
B		(4,061,103)	(3,789,697)
		<u>\$ (29,720,136) *</u>	<u>\$ (26,656,121)</u>

*Net of Implied Note Outstanding Balance as of April 30, 2016. The amount includes both the at-market portion of \$29,501,065 and the accrued interest payable portion of \$219,071.

City of Kansas City, Missouri
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Table B (in thousands):

Governmental Activities	Classification	Change in Fair Value	Fair Value at April 30, 2016	Classification	Amount	Notional
Cash flow hedges						
Pay-fixed interest rate swaps	Deferred outflows	\$	3,135	Other liabilities	\$ 29,501	\$ 101,495
				Accrued interest	219	
					\$ 29,720	

As of the end of the current period, all of the City’s interest rate derivatives are effective cash flow hedges and were classified as hedging derivatives in its financial statement. The fair value of the at-market portion is reported as other assets and deferred inflows if positive and other liabilities and deferred outflows if negative on the statement of net position.

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Hybrid Instruments

In August 2008, the City refunded its Series 2004A and 2005 bonds - Bartle Hall Project and amended the two associated pay-fixed swaps with Citibank N.A., without terminating the existing derivative instruments. As a result, the two pay-fixed swaps with Citibank N.A., now hedging Series 2008E and 2008F, had “off-market” terms at the time of the refunding and are accounted for as hybrid instruments in the City’s financial statements.

Risks

Credit Risk—All derivative instruments rely upon the performance of swap counterparties. The City is exposed to the risk that its counterparty may become unable to fulfill its financial obligations under the derivative instrument. The City measures the extent of this risk based upon the counterparty credit ratings and the fair value of the respective derivative instrument. The credit ratings of the City’s single counterparty (Citibank) as of April 30, 2016 are shown in the following table:

Derivative Instrument	Counterparty	Moody's Credit Rating (1)	S&P Credit Rating (2)	Fitch Credit Rating (3)
A & B	Citibank, N.A.	A1	A	A+

Source: Moody’s and S&P ratings - Derivactiv - Derivative Management Services Report.
Fitch’s rating - Fitch Ratings website.

- (1) Senior Unsecured Debt Rating - Upgraded by Moody’s on 5/28/2015 from A2 to A1.
- (2) Long-term Local Currency Credit Rating.
- (3) Long-term Issuer Default Rating - Upgraded by Fitch on 5/19/2015 from A to A+.

City of Kansas City, Missouri

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To mitigate the risk of counterparty non-performance, the City's swap policy includes collateral posting requirements. Under the Credit Support Annex for derivative instrument A & B, the Amended Derivative Instrument, the counterparty will post collateral in the event that its credit rating is downgraded below A2/A or not rated from Moody's and Standard and Poor's, respectively. The City is not required to post collateral.

As of April 30, 2016, the City was not exposed to actual credit risk under the derivative instrument because each instrument had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the derivative instrument's fair value. In the event CitiBank, N.A. has to post collateral, it should be in the form of cash or debt obligations issued by the U.S Treasury Department or any other collateral acceptable to the Secured Party.

The City's swap policy does not require that derivative instruments include netting arrangements across multiple transactions. Derivative instruments A and B do not provide netting provisions across multiple transactions, but they allow netting payments within the same transaction.

The at-market portion, the accrued interest portion and off-market fair value of derivative instruments A and B are in liability positions of \$29,501,065, \$219,071 and \$3,397,801, respectively, at April 30, 2016. The aggregate fair value is negative \$33,117,937 (gross of implied note outstanding balance as of April 30, 2016). This represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. There is no posted collateral to net against the aforementioned fair value.

The contracts for derivative instruments A and B are held by Citibank, N.A. and comprise 100% of the net exposure to credit risk.

Termination Risk—Termination risk is generally referred to as the risk that a derivative instrument could be terminated causing the City to owe a termination payment as a result of any of several events, which may include: a ratings downgrade of the swap counterparty; covenant violations by either party; bankruptcy of either party; a swap payment default of either party; and other default events as defined by the derivative instrument. Any such termination may require the City to make significant termination payments in the future. The approximate amount of termination payment that the City would have to pay if each of the derivative instruments were terminated on April 30, 2016 is approximately \$33,117,937. The provisions of the agreements related to each derivative instrument allow for the offset of certain reimbursable costs related to the termination process.

To further mitigate the effect of termination risk relative to derivative instruments A and B, the agreements contain certain safeguards which include (i) collateral posting requirements as discussed in the preceding Credit Risk section and (ii) except for certain types of termination events there is no automatic early termination.

Derivative instruments A and B may be terminated, if the underlying rating of the City's obligations that are subject to annual appropriation falls below "BBB" from S&P or below "Baa2" from Moody's.

While there is no optional termination language in the confirmations of derivative instruments A and B, Citibank, N.A. may accommodate the City to terminate the derivative instruments early, subject to credit approval.

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If, at the time of termination, a swap has a negative fair value, the City could be liable to the counterparty for a payment equal to the derivative instrument's fair value. If any of the derivative instruments are terminated, either the associated variable rate bonds would no longer be hedged with a synthetic fixed interest rate or the nature of the basis risk associated with the derivative instrument may change. As of April 30, 2016, the City is not aware of any pending event that would lead to a termination event with respect to any of its existing derivative instruments, which are in force and effect as of such date.

Basis Risk—Each of the derivative instruments is associated with certain debt obligations. The debt associated with each of the derivative instrument pays interest at variable interest rates. The City receives variable payments under the derivative instrument. To the extent these variable payments are not equal to the variable interest payments on the associated debt, there may be either a net loss or net benefit to the City.

Tax risk is an extreme form of basis risk in which changes in the trading relationship between taxable and tax-exempt bonds reduce swap receipts to the point that they are insufficient to offset portions of any variable rate bond payments. Tax risk is inherent in any unhedged tax-exempt variable rate bonds issued by the City.

For Fiscal Year 2015-2016, the following were the weekly average interest rates on the City's swap agreements:

Derivative Instrument	*Weekly Average Variable Interest Rate	Weekly Average SIFMA Index	Weekly Average 68% of USD- LIBOR-BBA
A	0.073%	0.073%	0.195%
B	0.073%	0.073%	0.195%

*Based on weekly rate resets by the remarketing agents.

Rollover Risk—Rollover risk occurs when the term of the derivative instrument is not coincident with the repayment term of the underlying debt obligation. Derivative instruments A and B have terms equal to the repayment terms of the underlying debt obligations.

Interest Rate Risk—The City is exposed to interest rate risk on its interest rate derivative instruments. On its pay-fixed, receive-variable interest rate swaps, to the extent these variable payments are not equal to the variable interest payments on the associated debt, there may be either a net loss or net benefit to the City.

Projected Debt Service Requirements—As of April 30, 2016, the projected debt service requirements for the City's hedged variable rate debt, net of swap payments, (assuming current interest rates remain constant and the swap receipt rate is equal to 68% of the USD-LIBOR-BBA) for derivative instruments A and B, are shown in the tables that follow. As short-term interest rates vary, the variable rate bond interest payments and net swap payments will also vary in the future.

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Bartle Hall Series 2008E

Fiscal Year Principal Interest at 4.67% Total Payment

Fiscal Year	Principal	Interest at 4.67%	Total Payment
2017	\$ -	\$ 3,802,194	\$ 3,802,194
2018	-	3,802,194	3,802,194
2019	-	3,802,194	3,802,194
2020	-	3,802,194	3,802,194
2021	-	3,802,194	3,802,194
2022-2026	-	19,010,970	19,010,970
2027-2031	-	19,010,970	19,010,970
2032-2034	<u>81,400,000</u>	<u>7,805,008</u>	<u>89,205,008</u>
Total	<u>\$ 81,400,000</u>	<u>\$ 64,837,918</u>	<u>\$ 146,237,918</u>

Assumptions

- Synthetic Fixed – 3.68%
- Swap Inefficiency in the last week of Fiscal Year 2016 – 0.11%
- Remarketing, LOC and other fees – 0.88%

Note: Only \$80,885,000 of the \$81,400,000 bond outstanding is hedged.

Bartle Series 2008F

Fiscal Year Principal Interest at 4.66% Total Payment

Fiscal Year	Principal	Interest at 4.66%	Total Payment
2017	\$ -	\$ 972,518	\$ 972,518
2018	-	972,518	972,518
2019	-	972,518	972,518
2020	-	972,518	972,518
2021	-	972,518	972,518
2022-2025	<u>20,865,000</u>	<u>3,783,568</u>	<u>24,648,568</u>
Total	<u>\$ 20,865,000</u>	<u>\$ 8,646,158</u>	<u>\$ 29,511,158</u>

Assumptions

- Synthetic Fixed – 3.67%
- Swap Inefficiency in the last week of Fiscal Year 2016 – 0.11%
- Remarketing, LOC and other fees – 0.88%

Note: Only \$20,610,000 of the \$20,865,000 bond outstanding is hedged.

Contingencies

The City's derivative instruments do not include provisions that require the City to post collateral.

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Discretely Presented Component Units

Information about specific component unit debt is available in each component unit's separately issued financial statements.

Conduit Debt

The City has issued Chapter 100 debt for economic development from time to time. This debt was issued for the benefit of third parties and the City has no obligation beyond the rents, revenues and receipts derived by the City from the project. Debt outstanding of this nature includes taxable industrial revenue bonds of \$793,099,837 as follows:

Description of Chapter 100 Bonds of April 30, 2016	Principal Outstanding as
Cerner Properties, Inc., Series 2007A	\$ 72,300,133
Cerner Series 2008A	33,223,096
Cerner Series 2008B	267,639,180
Cerner Series 2011A	50,000,000
Heartland Sheets 2012A	5,343,750
Heartland Sheets 2012B	5,500,000
Lockton Inc. 2012C	12,967,815
Data Systems 2012D	4,154,386
North American Savings Bank 2012E	421,545
Freightquote 2012H-1	40,729,037
Freightquote 2012H-2	3,341,770
Plaza Vista 2012F-1	55,965,081
Plaza Vista 2012F-2	24,768,855
Plaza Vista 2012F-3	36,523,929
New Direction Behavioral Health 2012G	293,582
Country Club Bank, Series 2012 I-1	6,500,000
A.B. May Company, Series 2013B-1	3,520,000
A.B. May Company, Series 2013B-2	-*
Burns & McDonnell Project, Series 2014B	60,845,376
DST Systems, Series 2014A-1	33,544,863
DST Systems, Series 2014A-2	39,710,380
Cerner Properties, Inc., Series 2015B	6,903,204
Challenge Manufacturing Co. Series 2015A-1	28,903,855
Challenge Manufacturing Co. Series 2015A-2	-*
Total Principal Outstanding	\$ 793,099,837

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Note 8: Lease Agreements

Following are descriptions of the City's major lease agreements:

Business-type Activities

Kansas City Airports Fund (Lessor)

The Aviation Department has a five-year Use and Lease Agreement (Agreement) with certain air carriers (signatory carriers) serving Kansas City International (KCI), which was originally effective through April 30, 2014 and was subsequently extended through April 30, 2016. During the year ended April 30, 2016, an amendment to the Agreement was entered into which extended the Agreement through April 30, 2017. Pursuant to the Agreement, signatory air carriers have agreed to a guaranteed minimum amount of rentals and fees based on expected levels of use of airport facilities. Further, the Agreement provides the determination for the landing fees and apron, terminal and passenger boarding bridge rents at KCI along with granting certain rights and privileges to air carriers, both passenger and cargo. The Agreement provides for an annual settlement, post fiscal year end close, whereby the rates and charges are recalculated using audited financial statements to determine any airline over/under payment. For the year ended April 30, 2016, \$968,392 was due from the airlines.

Minimum future rentals scheduled to be received on operating leases that have initial or remaining noncancelable terms in excess of one year for each of the next five years and, thereafter, at April 30, 2016 are as follows (*in thousands*):

<u>Fiscal Year</u>	
2017	\$ 9,772
2018	8,126
2019	7,196
2020	7,075
2021	6,074
2022 – 2026	24,579
2027 – 2031	12,512
2032 – 2036	9,439
2037 – 2041	3,575
2042 – 2046	2,509
2047 – 2051	1,825
2052 – 2056	<u>1,859</u>
Total	<u>\$ 94,541</u>

City of Kansas City, Missouri
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April 30, 2016

Note 9: Related Parties

Lease Agreements with Related Party

Port Authority of Kansas City, Missouri

On May 14, 1993, the City entered into a long-term lease agreement for certain real property fronting along the Missouri River (the Property) with the Port Authority of Kansas City, Missouri. Effective September 21, 2011, the original lease was superseded and replaced by the “First Amended and Restated Lease Agreement” (“Restated Lease”). Under the Restated Lease the property continues to be leased for development purposes and the expiration date was changed to be midnight on August 20, 2056.

As rent, the Port Authority is required to set aside for use by the City fifty percent of the total gross revenue received by the Port Authority attributable to operations of the leased property. Currently, all of the operating revenues from the property are attributable to the Isle of Capri Casino lease described below. The City is to use the amounts set aside for capital; public improvements or development or redevelopment projects within specified boundaries, primarily within the riverfront area.

In March of 1993, the Port Authority entered into a development agreement (Development Agreement) with Hilton Hotels Corporation (Hilton), whereby Hilton agreed to develop certain portions of the Property for riverboat gambling (the Casino Property). In addition, the Port Authority, as the landlord and Hilton, as the tenant, entered into a long-term lease agreement for the Casino Property. On August 21, 1995, the Port Authority and Hilton entered into an amended and restated lease for the Casino Property (as subsequently amended on October 31, 1995 and on June 10, 1996, the Casino Lease).

The Casino Lease provided for an initial 10-year term, beginning on the “Opening Date” of the casino, which was October 18, 1995, so the initial 10-year term expired on October 18, 2005. The tenant is deemed to have elected to renew the Casino Lease for subsequent 5-year renewal terms (for a total of eight 5-year renewal terms, if all are elected) unless the tenant notifies the Port Authority at least 12 months before the end of the immediately preceding term negating the deemed election. No such notice was provided to the Port Authority, so the parties are in the first year of the third 5-year renewal term.

Hilton’s rights and obligations under the Development Agreement and the Casino Lease were assigned to and assumed by the Isle of Capri Casinos (IOC) during fiscal year 2001, so that IOC is the current tenant of the Casino Property. On August 15, 2005, the Port Authority and IOC entered into an Amended and Restated Development Agreement in which the Port Authority and IOC agreed to amend and restate the Hilton development Agreement.

Beginning on the Opening Date and continuing during the remainder of the initial 10-year term, the tenant was to pay a minimum net annual rent of \$2,000,000 per year, in advance, on the Opening Date and on the date of each and every annual anniversary of the Opening Date thereafter. The agreement provides for increases in the minimum net annual rent for each renewal term by the percentage of change in the Consumer Price Index (CPI) as of the Opening Date to the Consumer Price Index as of the first day of any such renewal term. Effective October 18, 2011 and based on the change in the Consumer Price Index, the minimum net annual rent for the second renewal term was increased to \$2,860,657. In addition to the minimum net annual rent, the tenant throughout the

City of Kansas City, Missouri
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term of the lease (including renewal periods) is required to pay as percentage rent an amount equal to 3.25% of gross revenues (as defined in the agreement) less the minimum net annual rent paid in advance. During the year ended April 30, 2016, there was \$2,860,657 of total lease revenue (net annual rent) attributable to the Isle of Capri Casino lease.

Note 10: Pension Plans

The City has two defined benefit pension plans covering substantially all employees of the primary government, as follows:

- City of Kansas City, Missouri – Employees’ Retirement System
- City of Kansas City, Missouri – Firefighters’ Pension System

The City is a nonemployer contributing entity for two other plans, as follows:

- Civilian Employees’ Retirement System of the Police Department of Kansas City, Missouri
- Police Retirement System of Kansas City, Missouri

The majority of the City’s employees, including the business-type activities employees, are covered under the Employees’ Retirement System. Full time firefighters are covered under the Firefighters’ Pension System, full time policemen are covered under the Police Retirement System and full time police department civilian employees are covered under the Civilian Employees’ Retirement System.

A summary of pension related items as of and for the year ended April 30, 2016, is presented below (*in thousands*):

	Deferred			
	Net Pension Outflows		Deferred Inflows of Pension	
Plan Liability	Resources	Resources	Expense	Expense
Employees’ Retirement System				
Governmental Activities	\$ 69,783	\$ 18,148	\$ 4,584	\$ 12,452
Business-type Activities	36,904	8,501	4,497	6,585
Firefighters’ Pension System	121,970	17,666	-	16,611
Civilian Retirement System	45,792	8,693	-	6,454
Police Retirement System	331,493	50,699	-	40,396
Total	\$ 605,942	\$ 103,707	\$ 9,081	\$ 82,498

City of Kansas City, Missouri
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1. **City of Kansas City, Missouri – The Employees’ Retirement System**

Plan Description

The board of trustees of the Employees’ Retirement System (the “Board”) administers the Employees’ Retirement System of the City, a contributory, single-employer defined benefit pension plan.

The Employees’ Retirement System was established in the code of ordinances under Part I, Chapter II, Article IX, Division 2, Section 2-1172 which states, “All full-time, permanent employees in the classified and unclassified services shall become members of the retirement system as a condition of employment, including, all full-time, permanent former MAST employees who became City employees as of April 25, 2010, and who did not become members of the Fire Fighters’ Pension System. Former MAST employees have the option within 60 days of the passage of this ordinance to elect to become members of this plan in lieu of participation in the defined contribution plan set out in Division 10. Also included in membership are those who have retired in circumstances establishing eligibility for an annuity in this pension system and inactive members on leave of absence.”

The Board shall consist of nine members, including the Director of Human Resources and Director of Finance, two shall be active employees and members of the retirement system, one retired member of the system and one member designated by Firefighters IAFF Local 42. The remaining four members are prominent Kansas City business or civic leaders appointed by the Mayor.

The Board is responsible for establishing or amending plan provisions. The Board issues publicly available financial reports that include financial statements and required supplementary information. The financial reports may be obtained by writing to:

The Employees’ Retirement System

The Retirement Division
City Hall-10th Floor
414 East 12th Street
Kansas City, Missouri 64106
Phone 816.513.1928

The Employees’ Retirement System’s financial report can also be found at:

<http://kcmo.gov/humanresources/retirement-information>

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Employees Covered by Benefit Terms

At April 30, 2015, the measurement date for the year ended April 30, 2016, the following employees were covered by the benefit terms:

	Tier I Members	Tier II Members	Total
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	2,394	-	2,394
Current employees			
Vested	2,326	-	2,326
Nonvested	578	284	862
Inactive	111	33	144
	<u>5,409</u>	<u>317</u>	<u>5,726</u>

Retirement Benefits

Benefit terms for the Plan are established in the City administrative code and can only be amended by the City Council. The Plan provides retirement benefits as well as pre-retirement death benefits as noted below:

Tier I Members

The Plan provides retirement benefits, for those employees hired before April 20, 2014 (Tier I Members). Employees become vested for retirement benefits after five years of service. Members who retire with total age and creditable service equal to 80, or the later of age 60 and 10 years of creditable service, are entitled to an annual pension based on a percentage of final average compensation multiplied by years and months of creditable service. If married, at the time of retirement, the percentages are 2.0% for general employees and 2.2% for elected officials, and if unmarried, at the date of retirement, the percentage is 2.2% up to a maximum of 70% of final average compensation, as defined in the Plan. If the employee has at least 10 years of creditable service, the minimum benefit is \$400 per month.

If members terminate prior to retirement and before rendering five years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to City contributions and are refunded their member contributions with interest. Such refunds result in the forfeiture of all other benefits under the Plan. Members terminating prior to retirement with five or more years of service may elect to receive a refund of their member contributions with interest as a lump-sum distribution, or they may elect to receive a deferred pension. An automatic annual cost-of-living adjustment of 3%, non-compounded, is provided annually.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Tier II Members

The Plan provides retirement benefits, for those employees hired on or after April 20, 2014 (Tier II Members). Employees become vested for retirement benefits after 10 years of service. Members who retire with total age and creditable service equal to 85, or the later of age 62 and 10 years of creditable service are entitled to an annual pension of 1.75% of final average compensation multiplied by the number of years of creditable service, subject to a maximum limit of 70% of final average compensation, as defined in the Plan.

If employees terminate prior to retirement and before rendering 10 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to City contributions and are refunded their member contributions with interest. An annual cost-of-living adjustment, not to exceed 2.5%, non-compounded, per year is provided to pensioners age 62 and older if the prior year funding ratio is equal to or greater than 80% and will be equal to the percentage increase in the prior 12 months of the final national consumer price index.

Death Benefits

If a retired member dies, the following benefits shall be paid:

To the member's spouse until death, a retirement benefit equal to one-half of the member's normal retirement benefit. To the member's designated beneficiary or estate, if there is no surviving spouse, any remaining member contributions and interest. If an active member dies, the member contributions and interest are distributed to the surviving spouse or, if none, to the designated beneficiary. The surviving spouse, however, may elect to receive monthly benefit payments instead of the lump-sum distribution if the member had five or more years of creditable service.

Contributions

Funding is provided by contributions from plan members, the City and earnings on investments. Members contribute 4% of their base salary through April 20, 2014, at which time member contributions were increased to 5% of their base salary. The City's contribution is set by the City Council in conjunction with its approval of the annual budget, based on the actuarially determined contribution rate set by the Plan's consulting actuary. For the year beginning May 1, 2015, the City is contributing 14.64% of payroll, which is the actuarially determined Board contribution rate for the prior year, from the period May 1, 2015 to June 30, 2015, and 14.71% for the period from July 1, 2015 to April 30, 2016. Future City contributions will be determined through the City's budgeting process.

The Plan's governing body has the authority to establish and amend the contribution requirements of the City and active employees. The governing body establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended April 30, 2016, employees contributed \$8,235,363 and the City contributed \$24,577,647 to the plan.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Net Pension Liability

The City's net pension liability as of April 30, 2016 was measured as of April 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 30, 2014 updated to April 30, 2015. There were no changes in benefits or changes in assumptions during the year.

The total pension liability in the April 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	Ranges from 4.0% to 8.0%
Ad hoc cost of living adjustments	3.0%, simple
Investment rate of return	7.50%

Mortality rates were based on the 1994 Group Annuity Mortality Table for healthy individuals and the 1983 Railroad Retirement Board Disabled Life Mortality Table for disabled individuals.

The actuarial assumptions used in the April 30, 2015 valuations were based on the results of an actuarial experience study for the period 2006 – 2010 and showed that there were sufficient margins in the rates to provide for potential future improvements in mortality.

The investment return assumption of 7.50% was selected based upon an analysis that included (a) capital market assumptions provided by the investment consultant, (b) the asset allocation of the fund and (c) investment return assumptions of other public retirement systems.

The inflation assumption of 3.0% was selected based upon an analysis that included (a) input from the investment consultant, (b) historical inflation as measured by Consumer Price Index and (c) implied inflation in long-term government bonds.

The long-term wage growth assumption of 4.0% was based upon the inflation assumption of 3.0% plus a real growth wage assumption of 1.0%, which was derived from an analysis of historical increases in Social Security Average earnings.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Equity	15%	4.8%
Small Cap Equity	6.5%	6.0%
Non-U.S. Equity	7%	5.7%
Global Equity	19%	5.5%
Emerging Markets Equity	3%	8.8%
Opportunistic Equity	12%	3.7%
Fixed Income	26.5%	0.0%
Real Assets	10%	3.9%
Cash	1%	-0.9%

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, which is the assumed long-term expected rate of return in plan investments. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position will be greater than or equal to the benefit payments projected for each future period. Benefit payments are projected through 2117.

Changes in the Net Pension Liability

Changes in the total pension liability, plan fiduciary net position and the net pension liability are:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, beginning of year	\$ 1,149,883,725	\$ 1,027,655,034	\$ 122,228,691
Changes for the year:			
Service cost	19,694,295	-	19,694,295
Interest	85,393,038	-	85,393,038
Contributions - employer	-	27,569,434	(27,569,434)
Contributions - employee	-	8,610,268	(8,610,268)
Net investment income	-	84,827,952	(84,827,952)
Benefit payments, including refunds of employee contributions	(63,149,987)	(63,149,987)	-
Administrative expense	-	(379,424)	379,424
Net changes	41,937,346	57,478,243	(15,540,897)
Balance, end of year	\$ 1,191,821,071	\$ 1,085,133,277	\$ 106,687,794

The net pension liability (asset) of the City has been calculated using a discount rate of 7.50%. The following presents the net pension liability using a discount rate 1% higher and 1% lower than the current rate.

	Current 1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability (asset)	\$ 248,184,567	\$ 106,687,794	\$ (12,622,727)

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2016, the City recognized pension expense on the Employees' Plan of \$19,037,255. At April 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the Employees' Plan from the following sources:

	Governmental Activities	Business-Type Activities	Total
Deferred Outflows of Resources			
Changes in proportion	\$ 2,072,052	\$ -	\$ 2,072,052
City's contributions made subsequent to the measurement date of the net pension liability	<u>16,075,932</u>	<u>8,501,715</u>	<u>24,577,647</u>
Total Deferred Outflows of Resources	<u>\$ 18,147,984</u>	<u>\$ 8,501,715</u>	<u>\$ 26,649,699</u>
Deferred Inflows of Resources			
Net difference between projected and actual earning on pension plan investments	\$ 4,584,315	\$ 2,424,403	\$ 7,008,718
Changes in proportion	<u>-</u>	<u>2,072,052</u>	<u>2,072,052</u>
Total Deferred Inflows of Resources	<u>\$ 4,584,315</u>	<u>\$ 4,496,455</u>	<u>\$ 9,080,770</u>

At April 30, 2016, the City reported \$24,577,647 as deferred outflows of resources related to the Employees' Plan resulting from City contributions subsequent to the measurement date and prior to year-end that will be recognized as a reduction of net pension liability at April 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources at April 30, 2016, related to the Employees' Plan, will be recognized in pension expense as follows:

2017	\$ (1,752,180)
2018	(1,752,180)
2019	(1,752,179)
2020	<u>(1,752,179)</u>
	<u>\$ (7,008,718)</u>

Payable to the Pension Plan

At April 30, 2016, the City reported a payable of \$886,247 for the outstanding amount of the legally required contributions to the Plan for the year ended April 30, 2016.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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2. City of Kansas City, Missouri – Firefighters’ Pension System

Plan Description

The board of trustees of the Firefighters’ Pension System (the “Board”) administers the Firefighters’ Pension System of the City (the “Plan”), a contributory, single-employer defined benefit pension plan.

The Firefighters’ Pension System was established in the code of ordinances under Part I, Chapter II, Article IX, Division 4, Section 2-1252 which states, “(a) *Generally*. All persons who become firefighters shall become members of the pension system set out in this division as a condition of employment. (b) *Effective date*. Membership shall begin on the first day of employment and shall cease upon termination of employment or death. (c) Solely for the purpose of determining whether a member has incurred a break in service, any leave of absence granted by an employer, up to 12 weeks, that qualifies under the Family and Medical Leave Act (FMLA) shall not be counted as a break in service for purposes of determining eligibility and vesting.”

The Board shall consist of nine persons, which shall be constituted as follows:

- a. The fire chief, ex officio;
- b. The director of finance, ex officio;
- c. The director of human resources, ex officio;
- d. The city treasurer, ex officio;
- e. Four members to be elected by the members of the pension system with nominations and vote by secret written ballot, at an election supervised by the ex officio members of the board of trustees, for terms of three years each, respectively; provided however, one of the first three members so elected shall serve for one year, one member for two years, and the third member for three years from the date such pension system becomes operative, and thereafter all members so elected shall serve for terms of three years each, respectively; and
- f. One retiree member to be jointly appointed by Local 42 and Local 3808 of the International Association for Fire Fighters; provided however, the retiree member shall have all the rights and responsibilities of the trustees on the board, but non-voting, and therefore shall not be counted towards a quorum.

The Board is responsible for establishing or amending plan provisions. The Board issues publicly available financial reports that include financial statements and required supplementary information. The financial reports may be obtained by writing to:

Firefighters’ Pension System

The Retirement Division
City Hall-10th Floor
414 East 12th Street
Kansas City, Missouri 64106
Phone 816.513.1928

City of Kansas City, Missouri
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The Firefighters' Pension System's financial report can also be found at:

<http://kcmo.gov/humanresources/retirement-information>

The plan's fiduciary net position that is included in the net pension liability calculation and basis of accounting are consistent with those used by the Firefighters' Pension System's financial report.

At April 30, 2015, the measurement date for the year ended April 30, 2016, the following employees were covered by the benefit terms:

	Tier I Members	Tier II Members	Total
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	904	-	904
Current employees			
Vested	663	-	663
Nonvested	241	24	265
Inactive	2	-	2
Total	1,810	24	1,834

Benefits Provided

Benefit terms for the Plan are established in the City administrative code and can only be amended by the City Council. The Plan provides retirement, survivor, disability as well as pre-retirement death benefits as noted below:

Tier I Members

The Plan provides retirement benefits, for those employees hired before April 20, 2014 (Tier I Members). Members become vested for retirement benefits after 10 years of service. Members who retire with 25 years or more of creditable service are entitled to an annual pension of 2.5% of final average compensation multiplied by the number of years of creditable service, subject to a maximum limit of 80% of final compensation, as defined in the Plan.

If members terminate prior to retirement and before rendering 10 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to City contributions and are refunded their member contributions with interest. Such refunds result in the forfeiture of all other benefits under the Plan and are reduced by a service charge if the terminated employee has less than five years of service.

An automatic annual cost-of-living adjustment of 3.0%, non-compounded, per year is provided in the Plan. The Plan also provides for a minimum monthly payment of \$600 to all current and future service and disability retirees.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Tier II Members

The Plan provides retirement benefits, for those employees hired on or after April 20, 2014 (Tier II Members). Members become vested for retirement benefits after 10 years of service. Members who retire with 27 years or more of creditable service are entitled to an annual pension of 2.5% of final average compensation multiplied by the number of years of creditable service, subject to a maximum limit of 80% of final compensation, as defined in the Plan.

If members terminate prior to retirement and before rendering 10 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to City contributions and are refunded their member contributions with interest. Such refunds result in the forfeiture of all other benefits under the Plan and are reduced by a service charge if the terminated employee has less than five years of service.

An annual cost-of-living adjustment, not to exceed 2.5%, non-compounded, per year is provided in the Plan if the prior year funding ratio is equal to or greater than 80% and will be equal to the percentage increase in the prior 12 months of the final national consumer price index. The Plan also provides for a minimum monthly payment of \$600 to all current and future service and disability retirees.

Death Benefits

If an active member dies, the following benefits shall be paid:

A funeral benefit of \$2,000 to the spouse or named beneficiary.

To the member's spouse until death, a pension equal to one-half of the member's accrued pension, but not less than 25% of the member's average final compensation. The minimum monthly benefit is \$275 to all spouses. Certain benefit provisions have been established for deaths sustained in the performance of a member's duties, or deaths of active members prior to retirement who have achieved 25 years or more of creditable service.

To the member's children, an allowance of \$100 a month each until the attainment of age 18, unless certain conditions are met whereby benefits may continue.

To the member's designated beneficiary or estate, if there is no surviving spouse or qualifying child, any remaining member contributions and interest.

If a retired member dies, the following benefits shall be paid:

To the member's spouse until death, a retirement benefit equal to one-half of the member's normal retirement benefit.

To the member's designated beneficiary or estate, if there is no surviving spouse, any remaining member contributions and interest.

Disability Benefits

Disability benefits are available for members and are based on an average final compensation. The Plan provides for a minimum monthly payment of \$600 to all current and future disability retirees.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Health Care Subsidy

Effective May 1, 1991, the plan established a subsidy fund (subsidy). The City and active firefighters each contribute 2% and 1% of salary, respectively. Prior to April 1 of each year, the Board of Trustees of the plan establishes the dollar value of the monthly subsidy. The monthly subsidy for the year ended April 30, 2016 was \$430.

The subsidy is invested in both fixed income and equity securities and is stated at fair value. Investments totaled \$3,002,394 at April 30, 2016.

The actuarial valuations do not consider the subsidy's fiduciary net position, which at April 30, 2016 was \$3,002,394. According to the City ordinance that established the subsidy, if the fiduciary net position available for the subsidy is zero, the subsidy will no longer be available. For the year ended April 30, 2016, City contribution for the subsidy was \$2,638,425, and the employee contribution was \$595,939.

Contributions

Funding is provided by contributions from the Plan members, the City and earnings on investments. Members contribute 10.55% of their base salary and an additional 1% to fund the health insurance subsidy for the year ended April 30, 2016. The City's contribution is set by the City Council in conjunction with its approval of the City's annual budget, based on the actuarially determined contribution rate set by the Plan's consulting actuary.

Based upon the April 30, 2015 actuarial valuation, the actuary recommended a City contribution rate of 28.21%. The Board of Trustees recognized the City Council approved a scheduled City contribution rate of 27.91% from May 1, 2015 to June 30, 2015 and 30.01% from July 1, 2015 to April 30, 2016 of annual projected payroll. The City Council contributed 2% toward the health insurance subsidy for 2016.

The City's governing body has the authority to establish and amend the contribution requirements of the City and active employees. The governing body establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended April 30, 2016, employees contributed \$6,173,154 and the City contributed \$16,631,844 to the plan.

Net Pension Liability

The City's net pension liability as of April 30, 2016 was measured as of April 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 30, 2014 updated to April 30, 2015.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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The total pension liability in the April 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	Ranges from 3.0% to 8.0%
Ad hoc cost of living adjustments	3.0%, simple
Investment rate of return	7.50%

Mortality rates were based on the RP-2000 Combined Mortality Table, as appropriate with adjustments for mortality improvements set forward one year for males and females with 5% of deaths assumed to be duty related for healthy individuals and set forth three years for disabled members.

The actuarial assumptions used in the April 30, 2015 valuations were based on the results of an actuarial experience study for the period 2007 – 2011 and showed that there were sufficient margins in the rates to provide for potential future improvements in mortality.

The investment return assumption of 7.50% was selected based upon an analysis that included (a) capital market assumptions provided by the investment consultant, (b) the asset allocation of the fund and (c) investment return assumptions of other public retirement systems.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25%	9.41%
Non-U.S. Equity	15%	10.49%
Long/Short Equity	10%	8.73%
Global Equity	10%	9.69%
Fixed Income	30%	4.46%
Real Assets	10%	8.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, which is the assumed long-term expected rate of return in plan investments. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position will be greater than or equal to the benefit payments projected for each future period. Benefit payments are projected through 2117.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Changes in the Net Pension Liability

Changes in the total pension liability, plan fiduciary net position and the net pension liability are:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, beginning of year	\$ 583,167,922	\$ 462,585,466	\$ 120,582,456
Changes for the year:			
Service cost	13,137,551	-	13,137,551
Interest	43,442,934	-	43,442,934
Contributions - employer	-	16,258,533	(16,258,533)
Contributions - employee	-	6,258,482	(6,258,482)
Net investment income	-	32,940,446	(32,940,446)
Benefit payments, including refunds of employee contributions	(34,761,116)	(34,761,116)	-
Administrative expense	-	(264,100)	264,100
Net changes	21,819,369	20,432,245	1,387,124
Balance, end of year	\$ 604,987,291	\$ 483,017,711	\$ 121,969,580

The net pension liability of the City has been calculated using a discount rate of 7.50%. The following presents the net pension liability using a discount rate 1% higher and 1% lower than the current rate.

	Current	1% Decrease	Discount Rate	1% Increase
	6.50%	7.50%	8.50%	
City's net pension liability	\$ 196,927,875	\$ 121,969,580	\$ 59,093,940	

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended April 30, 2016, the City recognized pension expense for the Plan of \$16,611,348. At April 30, 2016, the City reported deferred outflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earning on pension plan investments	\$ 1,034,309
City's contributions made subsequent to the measurement date of the net pension liability	16,631,844
Total	\$ 17,666,153

At April 30, 2016, the City reported \$16,631,844 as deferred outflows of resources related to the Firefighters' Plan, resulting from City contributions subsequent to the measurement date and prior to year end that will be recognized as a reduction of net pension liability at April 30, 2017. Other amounts reported as deferred outflows of resources at April 30, 2016, related to the Firefighters' Plan, will be recognized in pension expense as follows:

2017	\$ 258,577
2018	258,577
2019	258,577
2020	258,578
	\$ 1,034,309

Payable to the Pension Plan

At April 30, 2016, the City reported a payable of \$643,346 for the outstanding amount of the legally required contributions to the pension plan for the year ended April 30, 2016.

3. Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri

Plan Description

The following summary description of the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri (the "Plan") provides only general information. Participants should refer to the Plan Statutes (Sections 86.1310 to 86.1640 RSMo) for a more complete description of the Plan's provisions.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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The Plan is a contributory, single-employer defined benefit pension plan established by the State of Missouri’s General Assembly and administered by the Retirement Board of the Civilian Employees’ Retirement System of the Police Department of Kansas City, Missouri (the “Board”). The Board is composed of nine members, two are appointed by the Board of Police Commissioners, two are appointed by the City Council and five are elected by the membership of the Retirement Systems. The elected members must include one member of the Civilian Employees’ Retirement System, one member retired from active service in the Police Retirement System and one active member of the Police Retirement System who has not attained the rank of Sergeant or higher. Elections are held annually and Board members are elected to serve for three-year terms.

Employees Covered by Benefit Terms

At April 30, 2015, the measurement date for the year ended April 30, 2016, the following employees were covered by benefit terms:

	Tier I Members	Tier II Members	Total
Retirees and beneficiaries currently receiving benefits	235	-	235
Terminated members entitled to but not yet receiving benefits	27	-	27
Active members			
Vested	405	-	405
Nonvested	75	71	146
Total	742	71	813

Benefits Provided – Benefit terms for the Plan are established in Missouri Revised Statutes 86.1310 to 86.1640 and can only be amended by the Missouri General Assembly. The Plan provides retirement benefits, as well as pre-retirement death benefits, duty and non-duty related disability benefits, and termination benefits to civilian employees of the Kansas City, Missouri Police Department.

Service Retirement

Eligibility

Tier I member – Later of age 65 or member’s 10th anniversary of employment.

Tier II member – Later of age 67 or member’s 20th anniversary of employment.

Amount of Pension – Benefit equal to 2% of Final Compensation multiplied by years of creditable service.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Final Compensation

Tier I member – Average annual compensation during the two years of service with the highest salary, whether consecutive or otherwise, or during the entire period of service if less than two years.

Tier II member – Average annual compensation during the three years of service with the highest salary, whether consecutive or otherwise, or during the entire period of service if less than three years.

Early Retirement

Tier I member – Eligible for early retirement as follows:

- a) Beginning at age 55, if member has at least 10 years of creditable service. Pension computed as service retirement and then reduced by 0.50% for each month the benefit commences prior to the month following that in which the member turns age 60.
- b) Beginning at age 60, if member has at least five years of creditable service. Pension computed as service retirement and then reduced by 0.50% for each month the benefit commences prior to the month following that in which the member turns age 65.
- c) At any time after the member's age plus years of creditable service equals or exceeds 80 (Rule of 80). Pension computed as service retirement without reduction.

Tier II member – Eligible for early retirement as follows:

- a) Beginning at age 62, if member has at least five years of creditable service. Pension computed as service retirement and then reduced by 0.50% for each month the benefit commences prior to the month following that in which the member turns age 67.
- b) Beginning at age 62, if member has at least 20 years of creditable service. Pension computed as service retirement without reduction.
- c) At any time after the member's age plus years of creditable service equals or exceeds 85 (Rule of 85). Pension computed as service retirement without reduction.

Deferred Retirement (Vested Termination)

Eligibility – Five or more years of creditable service.

Amount of Pension – Computed as service retirement but based upon service, Final Compensation and benefit formula in effect at termination of employment. Benefits may begin at early retirement age, adjusted by applicable reductions.

City of Kansas City, Missouri
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Disability

Duty Disability Eligibility – A member in active service who has a total and permanent disability that prevents the member from engaging in any occupation or performing any work for remuneration or profit for the remainder of their life. The disability must be the direct result of performance of duties with the Police Department. No age or service requirement.

Amount of Pension – 50% of Final Compensation payable for the remainder of the member's life or as long as the permanent disability continues.

Non-Duty Disability Eligibility – A member in active service, with a minimum of 10 years of service, who has a total and permanent disability that prevents the member from engaging in any occupation or performing any work for remuneration or profit for the remainder of their life. Disability is not the direct result of performance of duties with the Police Department.

Amount of Pension – 30% of Final Compensation but in no event less than the amount the member would have been entitled to as a pension if the member had retired on the same date with equivalent age and creditable service. Disability benefits may be subject to offset or reduction by amounts paid or payable under any Workers' Compensation law. A disability retiree who is not age 60 may be required by the Retirement Board to undergo continuing eligibility reviews once every three years which may include a medical re-examination.

Death in Service (less than 20 years of service)

Eligibility – Death of an active member with at least five but less than 20 years of service.

Amount of Pension – 50% of the member's accrued pension payable to the surviving spouse for spouse's lifetime. The effective date shall be the later of the first day of the month after the member's death or what would have been the member's earliest retirement date.

Funeral Benefit - \$1,000 payable upon the death of an active member.

Death in Service (20 or more years of service)

Eligibility – Death of an active member with 20 or more years of service.

Amount of Pension – Surviving spouse may elect the greater of 50% of the member's accrued pension commencing as described above, or a monthly benefit determined on a joint and survivor's basis from the actuarial value of the member's accrued pension at date of death.

Funeral Benefit – \$1,000 payable upon the death of an active member.

Death After Retirement

Eligibility – Death of a retired member who was receiving a benefit.

Amount of Pension – Eligible surviving spouse receives a pension equal to 50% of the member's benefit at the time of actual retirement plus cost of living adjustments. Benefit is payable for the life of the surviving spouse.

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In lieu of the 50% surviving spouse death benefit, a member may elect, at the time of retirement, a reduced actuarially equivalent 100% surviving spouse annuity. In such case, the surviving spouse shall receive the same amount as the benefit being paid to the member and such benefit is payable for the life of the surviving spouse.

If the total amount paid to a member and surviving spouse is less than the member's accumulated contributions, with interest, an amount equal to the difference shall be paid to the member's named beneficiary.

Funeral Benefit – \$1,000 payable upon the death of a retired member.

Non-Vested Termination

Eligibility – Termination of employment and no pension is or will become payable.

Amount of Benefit – Refund of member's contributions with interest.

Post-Retirement Benefit Increases

Eligibility – Members and surviving spouses eligible if member's pension commenced by December 31 of prior calendar year.

Amount of Benefit – May receive an annual cost-of-living adjustment (COLA) an amount not to exceed 3% of their respective base pension. Base pension is the pension computed under the provisions of the law at the date of retirement, without regard to COLAs. The COLA is normally effective with the June 1st benefit payment. Statutes require that the Retirement Board must act upon the advice of a qualified actuary when granting cost of living adjustments.

Member Contributions

Five percent of base pay.

Supplemental Retirement Benefit

Retirement on or before August 28, 2007 – current retired and disabled members and their surviving spouses are eligible to receive the supplemental benefit of \$160 per month in addition to pension benefits.

Retirements after August 28, 2007 – current and future retired and disabled members and their surviving spouses are eligible to receive the supplemental benefit of \$160 per month if the member had 15 years of creditable service.

Optional Form of Benefit Payment

Members retiring with at least one or more years of service beyond their eligible retirement date may elect to take a portion of their benefit as a lump-sum distribution (PLOP). Members electing PLOP will receive an actuarially reduced monthly benefit for their lifetime.

Social Security and Medicare

Tier I member – Members participate in Social Security and Medicare.

City of Kansas City, Missouri
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Tier II member – Members participate in Social Security and Medicare.

Contributions

The Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri has a special funding situation. The Kansas City Board of Police Commissioners is the employer, but the City of Kansas City, Missouri is a nonemployer entity solely responsible for the contributions to the system, as set forth in Section 86.1390 of Missouri state statutes.

State statutes set out the funding requirements for the plan, which can only be amended by the Missouri General Assembly. The Retirement Board establishes a rate based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the employer actuarially determined contribution rate. For the year ended April 30, 2016, active members contributed at a rate of 5% of base pay, and the City contributed at a rate of 17.97% of annual projected payroll. For the year ended April 30, 2016, employees contributed \$1,287,388 and the City contributed \$5,048,167.

Net Pension Liability

The City's net pension liability as of April 30, 2016 was measured as of April 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation prepared as of April 30, 2014, rolled forward one year using standard actuarial techniques.

An actuary from Cavanaugh Macdonald Consulting, LLC determines the total pension liability. The total pension liability as of April 30, 2015 was determined based on an actuarial valuation prepared as of April 30, 2014, rolled forward one year to April 30, 2015, using the following actuarial assumptions:

Inflation	3.00%
Salary increases, including inflation	3.75% to 7.75%
Long-term investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience study, which covered the 5-year period ending April 30, 2012. The experience study report is dated October 3, 2013.

For purposes of calculating the total pension liability, future ad hoc COLAs of 2.5% (simple COLA) were assumed to be granted in all future years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by

City of Kansas City, Missouri
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weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimates arithmetic real rates of return for each major asset class included the plan's target asset allocation as of April 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.0%	5.3%
Fixed Income	30.0%	1.0%
Real Return	5.0%	3.2%
Real Estate	10.0%	4.3%
Hedge Fund of Fund	9.0%	4.0%
Global Tactical Asset Allocation	6.0%	4.0%
Private Equity	5.0%	8.0%

Discount Rate

The discount rate used to measure the total pension liability was 7.23% (7.34% in the prior year). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the employer actuarially determined contribution rate. Based on the assumptions, the plan's fiduciary net position is projected to be available to make projected future benefit payments to current plan members through 2072. Therefore, the long-term expected rate of return on plan investments of 7.50% was applied to the period of projected benefit payments before 2072 and the Municipal Bond Index Rate of 3.51% was applied to periods on or after 2072, resulting in a single equivalent interest rate of 7.23%.

There was a change in the Municipal Bond Index Rate from the prior measurement date from 4.35% to the current rate of 3.51%.

The Civilian Employees' Retirement System's financial report can also be found at:

<http://www.kcpers.org/default.aspx/MenuItemID/134/MenuGroup/Publications.htm>

City of Kansas City, Missouri
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Changes in the Net Pension Liability

Changes in the total pension liability, plan fiduciary net position and the net pension liability are:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, beginning of year	\$ 157,964,859	\$ 117,341,038	\$ 40,623,821
Changes for the year:			
Service cost	4,403,101	-	4,403,101
Interest	11,366,771	-	11,366,771
Assumption/single equivalent interest rate changes	2,318,394	-	2,318,394
City of Kansas City, MO contributions	-	4,930,686	(4,930,686)
Contributions - employee	-	1,323,061	(1,323,061)
Net investment income	-	6,779,599	(6,779,599)
Benefit payments, including refunds of employee contributions	(6,320,353)	(6,320,353)	-
Administrative expense	-	(112,924)	112,924
Net changes	11,767,913	6,600,069	5,167,844
Balance, end of year	\$ 169,732,772	\$ 123,941,107	\$ 45,791,665

The net pension liability of the City has been calculated using a discount rate of 7.23%. The following presents the net pension liability using a discount rate 1% higher and 1% lower than the current rate.

	Current	1% Decrease	Discount Rate	1% Increase
	6.23%	7.23%	8.23%	
City's net pension liability	\$ 69,190,263	\$ 45,791,665	\$ 26,323,501	

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Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended April 30, 2016, the City recognized pension expense on the Plan of \$6,453,806. At April 30, 2016, the City reported deferred outflows of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>
Change of assumptions	\$ 2,033,229
Net difference between projected and actual earning on pension plan investments	1,611,494
City's contributions made subsequent to the measurement date of the net pension liability	<u>5,048,167</u>
Total	<u><u>\$ 8,692,890</u></u>

At April 30, 2016, the City reported \$5,048,167 as deferred outflows of resources related to the Civilian Employees' Retirement System resulting from the City contributions subsequent to the measurement date and prior to year end that will be recognized as a reduction of net pension liability at April 30, 2017. Other amounts reported as deferred outflows of resources at April 30, 2016 related to the Plan will be recognized in pension expense as follows:

2017	\$ 688,038
2018	688,038
2019	688,038
2020	688,040
2021	285,165
Thereafter	<u>607,404</u>
	<u><u>\$ 3,644,723</u></u>

City of Kansas City, Missouri
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4. Police Retirement System of Kansas City, Missouri

Plan Description

The following summary description of the Police Retirement System of Kansas City, Missouri (the “Plan”) provides only general information. Participants should refer to the Plan Statutes (Sections 86.900 to 86.1280 RSMo) for a more complete description of the Plan’s provisions.

The Plan is a contributory, single-employer defined benefit pension plan established by the State of Missouri’s General Assembly and administered by the Retirement Board of the Police Retirement System of Kansas City, Missouri (the “Board”). The Board is composed of nine members, two are appointed by the Board of Police Commissioners, two are appointed by the City Council and five are elected by the membership of the Retirement Systems. The elected members must include one member of the Civilian Employees’ Retirement System, one member retired from active service in the Police Retirement System and one active member of the Police Retirement System who has not attained the rank of Sergeant or higher. Elections are held annually and Board members are elected to serve for three-year terms.

Police Officers’ Covered by Benefit Terms

At April 30, 2015, the measurement date for the year ended April 30, 2016, the following police officers’ were covered by benefit terms:

	Tier I Members	Tier II Members	Total
Retirees and beneficiaries currently receiving benefits	1,274	-	1,274
Terminated members entitled to but not yet receiving benefits	22	-	22
Active members			
Vested	633	-	633
Nonvested	601	103	704
	<u>2,530</u>	<u>103</u>	<u>2,633</u>
Total	<u>2,530</u>	<u>103</u>	<u>2,633</u>

Benefits Provided – Benefit terms for the Plan are established in Missouri Revised Statutes 86.900 to 86.1280 and can only be amended by the Missouri General Assembly. The Plan provides retirement benefits, as well as pre-retirement death benefits, duty and non-duty related disability benefits and termination benefits to sworn law enforcement employees of the Kansas City, Missouri Police Department.

Service Retirement

Eligibility

Tier I member – 25 years of service, without regard to age, or at age 60 with at least 10 years of service.

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Tier II member – 27 years of service, without regard to age, or at age 60 with at least 15 years of service. All members must retire at the completion of 35 years of service, or at age 65, whichever occurs first.

Amount of Pension – For a member retiring prior to August 28, 2000, benefit equal to 2% of Final Compensation multiplied by years of creditable service, subject to a maximum benefit of 60% of Final Compensation.

For a member retiring on or after August 28, 2000 and before August 28, 2013, benefit equal to 2.5% of Final Compensation multiplied by years of creditable service, subject to a maximum benefit of 75% of Final Compensation.

For a member retiring on or after August 28, 2013, benefit equal to 2.5% of Final Compensation multiplied by years of creditable service, subject to a maximum benefit of 80% of Final Compensation.

Final Compensation

Tier I member – Average annual compensation during the two years of service with the highest salary, whether consecutive or otherwise, or during the entire period of service if less than two years.

Tier II member – Average annual compensation during the three years of service with the highest salary, whether consecutive or otherwise, or during the entire period of service if less than three years.

Deferred Retirement (Vested Termination)

Eligibility – 15 years of creditable service.

Tier I member – Benefit begins at age 55.

Tier II member – Benefit begins at age 60.

Amount of Pension – Computed as service retirement but based on service, Final Compensation and benefit formula in effect at termination of employment. Benefits are unreduced.

Disability

Duty Disability Eligibility – A member in active service who has become permanently unable to perform the full and unrestricted duties of a police officer, as determined by the Board of Police Commissioners, as the exclusive result of an accident or disease occurring in the line of duty.

Amount of Pension – For a member retiring on or after August 28, 2001 and before August 28, 2013, benefit equal to 75% of Final Compensation payable for life or as long as the permanent disability continues.

For a member retiring on or after August 28, 2013, benefit equal to 80% of Final Compensation payable for life or as long as the permanent disability continues.

City of Kansas City, Missouri
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Non-Duty Disability Eligibility – A member in active service, with a minimum of 10 years of service, who has become permanently unable to perform the full and unrestricted duties of a police officer as determined by the Board of Police Commissioners. Disability is not exclusively caused by the actual performance of official duties.

Amount of Pension – 2.5% of Final Compensation multiplied by years of creditable service payable for life or as long as the permanent disability continues.

Disability benefits may be subject to offset or reduction by amounts paid or payable under any Workers' Compensation law. A disability retiree who is not age 60 may be required by the Retirement Board to undergo continuing eligibility reviews once every three years which may include a medical re-examination.

Death in Service – Duty or Non-Duty

Eligibility – Benefit payable to a surviving spouse, if any, upon the death of an active member. Benefit payable for the life of the surviving spouse. If there is no surviving spouse, benefit payable to an eligible child or children in equal shares until age 18. No service requirement.

Amount of Pension – 40% of Final Compensation payable to surviving spouse for life.

Child Benefit – \$600 annually for each child under the age of 18, if any, until the child reaches age 18 or age 21, if a full time student. A child who is mentally or physically incapacitated from wage earning at the time of a member's death shall qualify, without regard to age, for life or so long as the incapacity existing at time of member's death continues.

Funeral Benefit – \$1,000 payable upon the death of an active member.

Line of Duty Death

Eligibility – Benefit payable to a surviving spouse. If no surviving spouse, benefit payable to children under age 21 or children over age 21 if mentally or physically incapacitated from wage earning, in equal shares. Death resulting from performance of official duties; no service requirement.

Amount of Benefit – In addition to benefits payable under Death in Service shown above, a lump sum of \$50,000.

Death After Retirement

Eligibility – Benefit payable to an eligible surviving spouse, if any, upon the death of a retired member. Benefit payable for the life of the surviving spouse. If there is no surviving spouse, benefit payable to an eligible child or children in equal shares until age 18.

Amount of Pension –

Tier I member – Benefit equal to 80% of the straight life pension the deceased member was receiving at time of death.

City of Kansas City, Missouri
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Tier II member – Benefit equal to 50% of the straight life pension the deceased member was receiving at time of death. In lieu of the 50% surviving spouse benefit, a Tier II member may elect, at the time of retirement, a reduced actuarially equivalent annuity of either a 75% or 100% surviving spouse benefit.

Funeral Benefit – \$1,000 payable upon the death of a retired member.

Non-Vested Termination

Eligibility – Termination of employment and no pension is or will become payable.

Amount of Benefit – Refund of member's contributions without interest.

Minimum Pension Benefit

Eligibility – Any retired member who is entitled to a pension benefit and who either has at least 25 years of creditable service or is retired as a result of an injury or illness. A surviving spouse qualifies for the minimum monthly benefit if the member had at least 25 years of creditable service, died in service or was retired as a result of an injury or illness.

Amount of Benefit – Minimum monthly benefit of not less than \$600 in combined pension benefit and cost-of-living adjustments. The minimum monthly pension benefit is in addition to the Supplemental Retirement Benefit.

Post-Retirement Benefit Increases

Eligibility –

Tier I members and surviving spouses – Member's pension must have commenced by December 31 of prior calendar year.

Tier II members and surviving spouses – Service retirements generally eligible in the year following the year in which member would have attained thirty-two years of service. Duty Disability retirements eligible in year following retirement. Non-duty Disability retirements eligible earlier of year following fifth year after retirement or year following the year in which they would have attained thirty-two years of service. Surviving spouses of retired members eligible at same time member would have been if living.

Amount of Benefit – May receive an annual cost-of-living adjustment (COLA) in an amount not to exceed 3% of their respective base pension. Base pension is the pension computed under the provisions of the law at the date of retirement, without regard to COLAs. The COLA is normally effective with the May 31st benefit payment.

Statutes require that the Retirement Board must act upon the advice of a qualified actuary when granting cost-of-living adjustments.

City of Kansas City, Missouri
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Supplemental Retirement Benefit

Tier I member – Current and future retired and disabled members and their surviving spouses are eligible to receive \$420 per month in addition to pension benefits.

Tier II member – Current and future retired and disabled members and their surviving spouses are eligible to receive \$200 per month in addition to pension benefits.

Optional Form of Benefit Payment

Tier I member – Member retiring with at least 26 or more years of service may elect to take a portion of their lifetime benefit as a lump-sum distribution (PLOP).

Tier II member – Member retiring with at least 28 or more years of service may elect to take a portion of their lifetime benefit as a lump-sum distribution (PLOP). Members electing PLOP will receive an actuarially reduced monthly benefit for their lifetime.

Social Security and Medicare

Tier I member – Members do not participate in Social Security although members hired after 1986 do contribute to Medicare.

Tier II member – Members do not participate in Social Security but do contribute to Medicare.

Contributions

The Police Retirement System of Kansas City, Missouri has a special funding situation. The Kansas City Board of Police Commissioners is the employer, but the City of Kansas City, Missouri is a nonemployer entity solely responsible for the contributions to the system as set forth in Section 86.1000.1 of State Statutes.

State statutes set out the funding requirements for the plan, which can only be amended by the Missouri General Assembly. The Retirement Board establishes a rate based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the employer actuarially determined contribution rate. For the year ended April 30, 2016, active members contributed at a rate of 11.55% of base pay, and the City contributed at a rate of 27.33% of annual projected payroll. In addition, the City was obligated to make contributions of \$200 per month of supplemental benefit for eligible members. For the year ended April 30, 2016, employees contributed \$10,748,236 and the City contributed \$30,272,063.

Net Pension Liability

The City's net pension liability as of April 30, 2016 was measured as of April 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 30, 2014 rolled forward to April 30, 2015.

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The total pension liability in the April 30, 2015 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	3.00%
Wage inflation	3.75%
Salary increases, including wage inflation	3.75% to 8.75%
Active member payroll growth	3.75% per year, compounded annually
Investment rate of return	7.50%, net of pension plan investment expense, compounded annually

Mortality rates were based on the RP-2000 Healthy Annuitant Table using Scale AA to model future mortality improvement for healthy individuals, RP-2000 Healthy Annuitant Tables set forward five years using Scale AA to model future mortality improvement for disabled retirees, and RP-2000 Employee Table using Scale AA to model future mortality improvement for active employees.

The actuarial assumptions used in the April 30, 2015 valuations were based on the results of an actuarial experience study for the five year period ending April 30, 2012. The experience study report is dated October 3, 2013.

For purposes of calculating the total pension liability, future ad hoc COLAs of 2.5% (simple COLA) were assumed to be granted in all future years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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. Best-estimates arithmetic real rates of return for each major asset class included the plan's target asset allocation as of April 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.0%	5.3%
Fixed Income	30.0%	1.0%
Real Return	5.0%	3.2%
Real Estate	10.0%	4.3%
Absolute Return	15.0%	4.0%
Private Equity	5.0%	8.0%

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Discount Rate

The discount rate used to measure the total pension liability was 7.25% (7.36% in prior year). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the employer actuarially determined contribution rate. Based on the assumptions, the plan's fiduciary net position is projected to be available to make projected future benefit payments to current plan members through 2072. Therefore, the long-term expected rate of return on plan investments of 7.50% was applied to the period of projected benefit payments before 2072 and the Municipal Bond Index Rate of 3.51% was applied to periods on or after 2072, resulting in a single equivalent interest rate of 7.25%.

There was a change in the Municipal Bond Index Rate from the prior measurement date from 4.35% to the current rate of 3.51%.

The Police Retirement System's financial report can be found at:

<http://www.kcpers.org/default.aspx/MenuItemID/134/MenuGroup/Publications.htm>

Changes in the Net Pension Liability

Changes in the total pension liability, plan fiduciary net position and the net pension liability are:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, beginning of year	\$ 1,062,680,857	\$ 763,076,453	\$ 299,604,404
Changes for the year:			
Service cost	26,900,131	-	26,900,131
Interest	76,210,579	-	76,210,579
Assumption/single equivalent interest rate changes	14,987,963	-	14,987,963
City of Kansas City, MO contributions	-	28,933,261	(28,933,261)
Contributions - employee	-	10,874,921	(10,874,921)
Net investment income	-	46,951,094	(46,951,094)
Benefit payments, including refunds of employee contributions	(55,405,669)	(55,405,669)	-
Administrative expense	-	(549,742)	549,742
Net changes	<u>62,693,004</u>	<u>30,803,865</u>	<u>31,889,139</u>
Balance, end of year	<u>\$ 1,125,373,861</u>	<u>\$ 793,880,318</u>	<u>\$ 331,493,543</u>

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The net pension liability of the City has been calculated using a discount rate of 7.25%. The following presents the net pension liability using a discount rate 1% higher and 1% lower than the current rate.

	Current	1% Decrease	Discount Rate	1% Increase
	6.25%	7.25%	8.25%	
City's net pension liability	\$ 483,868,145	\$ 331,493,543		\$ 206,184,407

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the period ended April 30, 2016, the City recognized pension expense for the Police Plan of \$40,395,777. At April 30, 2016, the City reported deferred outflows of resources, related to the Plan, from the following sources:

	<u>Deferred Outflows of Resources</u>
Change of assumptions	\$ 12,678,570
Net difference between projected and actual earning on pension plan investments	7,748,053
City's contributions made subsequent to the measurement date of the net pension liability	<u>30,272,063</u>
Total	<u><u>\$ 50,698,686</u></u>

At April 30, 2016, the City reported \$30,272,063 as deferred outflows of resources related to the Plan resulting from City contributions subsequent to the measurement date and prior to year end that will be recognized as a reduction of net pension liability at April 30, 2017. Other amounts reported as deferred outflows of resources at April 30, 2016, related to the Plan, will be recognized in pension expense as follows:

2017	\$ 4,246,406
2018	4,246,406
2019	4,246,406
2020	4,246,407
2021	2,309,393
Thereafter	<u>1,131,605</u>
	<u><u>\$ 20,426,623</u></u>

City of Kansas City, Missouri
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Note 11: Postemployment Benefits Other than Pensions

City of Kansas City, Missouri

Effective May 1, 2007, the City of Kansas City, Missouri (the City), adopted Governmental Accounting Standard Board Statement No. 45 (GASB 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, (OPEB)*. This statement requires the accounting for the annual cost of other postemployment benefits and the related outstanding liability using an actuarial approach similar to pensions. The City implemented GASB 45 prospectively (zero net obligation at transition).

Plan Description

The City sponsors a single-employer, defined benefit healthcare plan that provides health care benefits to retirees' and their dependents, including medical and pharmacy coverage.

The City requires the retirees to pay 100% of the same medical premium charged to active participants. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these amounts is the implicit rate subsidy, which is considered an OPEB under GASB 45.

Retirees and spouses have the same benefits as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches Medicare eligibility age, which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age or dies.

Funding Policy

GASB Statement No. 45 does not require funding of the OPEB liability and at this time, the liability for the City is unfunded. Contributions are made to the plan on a pay-as-you-go basis.

For the year ended April 30, 2016, retirees receiving benefits contributed \$6,646,371 for current premiums (approximately 52.57% of total aged adjusted premiums based on implied City contributions of \$5,997,010), through their required contracted amount paid to the Health Care Trust Fund of Kansas City for the plan of the retirees' choosing. Total age adjusted premiums for the year were \$12,643,381.

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Annual OPEB Cost and NET OPEB Obligation

The City's annual OPEB cost is calculated on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's net OPEB obligation.

Normal cost	\$	(4,016)
Amortization of unfunded actuarial accrued liability		(5,875)
Interest on net OPEB obligation		(3,096)
Adjustment to annual required contribution		4,132
Annual OPEB cost		(8,855)
Contributions made (employer)		5,997
Change in net OPEB obligation		(2,858)
Net OPEB obligation, beginning of year		(68,809)
Net OPEB obligation, end of year	\$	(71,667)

The Employee/Firefighter annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years indicated were as follows:

Fiscal Year	OPEB of AOC	Percentage	Net OPEB
Ending Cost (AOC)	Contributed	(Obligation)	
4/30/2014	\$ 9,955	68%	\$ (66,928)
4/30/2015	8,730	78%	(68,809)
4/30/2016	8,855	68%	(71,667)

The net OPEB obligation as of April 30, 2016, is reported in the following activity and funds (*in thousands*):

Governmental Activity	\$	(56,584)
Water Fund		(5,404)
Airports Fund		(5,117)
Sewer Fund		(4,562)
Total	\$	(71,667)

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Funded Status and Funding Progress

As of May 1, 2014, the most recent actuarial valuation date, the Plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$97.8 million and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$97.8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$227.0 million, and the ratio of UAAL to the covered payroll was 43.1 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the May 1, 2014 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets (of which there are none) and on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of 8.5-7.5 percent annually, reduced by decrements to an ultimate rate of 4.5% after nine years. The assumed inflation rate is 3%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2014 was thirty years.

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The rates of salary increases used for individual members are in accordance with the following table:

% Increase in Salary at Sample Ages-Employees			
Sample Merit & Base Increase			
Ages Seniority (Economic) Next Year			
20	4.00	4.00	8.00
25	3.00	4.00	7.00
30	2.50	4.00	6.50
35	1.50	4.00	5.50
40	1.00	4.00	5.00
45	1.00	4.00	5.00
50	0.50	4.00	4.50

% Increase in Salary at Sample Ages-Firefighters			
Sample Merit & Base Increase			
Ages Seniority (Economic) Next Year			
20	5.00	3.00	8.00
25	3.00	3.00	6.00
30	2.00	3.00	5.00
35	1.00	3.00	4.00
40	0.50	3.00	3.50
45	0.50	3.00	3.50
50	0.50	3.00	3.50
55	0.50	3.00	3.50
60	5.00	3.00	8.00

Kansas City Board of Police Commissioners

Plan Description

The Kansas City, Missouri Board of Police Commissioners (the Board) sponsors a single-employer, defined benefit healthcare plan that provides health care benefits to Department retirees' and their dependents, including medical and pharmacy coverage. Participants include police and civilian members of the Department.

Retirees (including an elected coverage for spouses and dependents) are eligible for the same benefits as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, when the retiree elects to participate in Medicare or dies. Retirees have the option of utilizing the Department's health care plan as secondary coverage to

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Medicare benefits. Additionally, retirees have a one-time option, before the age of 65, to rejoin the plan should they ever terminate coverage.

Under Governmental Accounting Standards Board Statement (GASB) No. 45, the difference between the premium rate charged to retirees and the estimated rate that would be applicable to those retirees if acquired of them as a separate group is an implicit rate subsidy, which is considered an other postemployment benefits (OPEB) under the standard.

Annual OPEB Cost and NET OPEB Obligation

The annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize the unfunded actuarial liability over a period not to exceed thirty years. The following table shows components of the Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation.

Normal cost	\$	(2,835)
Amortization of unfunded actuarial accrued liability		(2,780)
Interest on net OPEB obligation		(1,146)
Adjustment to annual required contribution		1,529
Annual OPEB cost		(5,232)
Contributions made (employer)		1,194
Change in net OPEB obligation		(4,038)
Net OPEB obligation, beginning of year		(25,455)
Net OPEB obligation, end of year	\$	(29,493)

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 were as follows:

Fiscal Year	OPEB of AOC	Percentage	Net OPEB
Ended	Cost (AOC)	Contributed	(Obligation)
4/30/2014	\$ 6,525	19%	\$ (21,387)
4/30/2015	5,185	22%	(25,455)
4/30/2016	5,232	23%	(29,493)

Funded Status and Funding Progress

GASB Statement No. 45 does not require funding of an OPEB liability and, at this time, the liability is unfunded. Contributions are made to the plan on a pay-as-you-go basis.

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As of April 30, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$46.3 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$46.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$114.1 million, and the ratio of UAAL to the covered payroll was 41 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information following the notes to the basic financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2014 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual health care cost trend rate, reduced by decrements to an ultimate rate of 4.5 percent after 11 years. The inflation rate is assumed to be 3%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2014 was 30 years.

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The rates of salary increases used for individual members are in accordance with the following table:

% Increase in Salary at Sample Services-Police			
Years of Merit & Base Increase	Service Seniority (Economic) Next Year		
0	5.75	4.00	9.75
1	5.50	4.00	9.50
2	4.50	4.00	8.50
3	4.00	4.00	8.00
4	4.00	4.00	8.00
5	4.00	4.00	8.00
6	3.90	4.00	7.90
7	3.80	4.00	7.80
8	3.70	4.00	7.70
9	3.60	4.00	7.60
10	3.50	4.00	7.50
11	2.80	4.00	6.80
12	2.10	4.00	6.10
13	1.40	4.00	5.40
14	0.70	4.00	4.70
15 & Over	0.00	4.00	4.00

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<u>% Increase in Salary at Sample Services-Civilians</u>			
<u>Years of Merit & Base Increase</u>	<u>Service Seniority (Economic)</u>	<u>Next Year</u>	
0	5.75	4.00	9.75
1	4.75	4.00	8.75
2	3.75	4.00	7.75
3	2.75	4.00	6.75
4	2.25	4.00	6.25
5	2.10	4.00	6.10
6	2.00	4.00	6.00
7	1.90	4.00	5.90
8	1.80	4.00	5.80
9	1.70	4.00	5.70
10	1.60	4.00	5.60
11	1.48	4.00	5.48
12	1.36	4.00	5.36
13	1.24	4.00	5.24
14	1.12	4.00	5.12
15	1.00	4.00	5.00
20	0.55	4.00	4.55
25	0.25	4.00	4.25

Note 12: Commitments and Contingencies

Purchase and Construction Commitments

At April 30, 2016, encumbrance balances for purchases and construction contract commitments, including obligations for capital outlay, by major fund and nonmajor governmental funds in the aggregate were *(in thousands)*:

<u>Fund</u>	<u>Amount</u>
General	\$ 5,989
Capital improvements	38,644
Nonmajor governmental	58,488
Water	56,113
Kansas City Airports	57,700
Sewer	<u>110,540</u>
Total	<u>\$ 327,474</u>

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Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self-insured for workers' compensation and general liability exposures. The general fund (the Fund) is used to account for these exposures. The City has purchased insurance to limit the exposure to \$1,000,000 on workers' compensation claims per occurrence occurring prior to fiscal year 1997, \$500,000 exposure for all claims originating in fiscal year 1997, \$400,000 exposure for all claims originating in fiscal year 1998, \$2,000,000 exposure for all claims originating in fiscal years 2003 through 2007, and \$1,000,000 exposure for all claims originating in fiscal years 2008 through 2011, and \$2,000,000 for all claims originating thereafter. The City also purchases an excess liability policy to cover torts, which are not barred by sovereign immunity. The policy has a \$5,400,000 retention and a \$10,000,000 loss limit. Current sovereign tort immunity statutes and law limit general liability and automobile claim exposure to a maximum of \$409,123 per person and \$2,727,489 per occurrence. Settled claims have not exceeded the self-insured retention in any of the past three fiscal years.

The City also maintains commercial insurance coverage for those areas not covered by the City's self-insurance programs, such as excess general liability, property, cyber and auto. Settled claims have not exceeded commercial insurance coverage for the past three years.

All funds of the City participate in the program and make payments to the Fund based on estimates of the amounts needed to pay prior and current year claims. The claims liability of \$55,344,887, \$11,068,501, \$5,772,528 and \$2,895,085 for the governmental activities and the Water, Sewer and Kansas City Airports funds, respectively, at April 30, 2016 is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The total claims liability reported in the governmental activities and business-type activities are as follows (*in thousands*):

	Current Claims and Due					
	Beginning	Estimate	Claim	End of	Within	
	of Year	Changes	Payments	Year	One Year	
	of Year	Changes	Payments	Year	One Year	
2016	\$ 71,143	\$ 23,890	\$ 19,952	\$ 75,081	\$ 19,784	
2015	62,619	32,920	24,396	71,143	17,121	
2014	54,367	30,410	22,158	62,619	14,638	

Federal Grant Funds

Use of federal, state and locally administered grant funds is subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grant.

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The Department of Homeland Security—Office of Inspector General (OIG) did audit certain public assistance funds awarded to the City. The City received a pass-through award of \$28.44 million from the State of Missouri, State Emergency Management Agency (SEMA), a Federal Emergency Management Agency (FEMA) grantee for damages resulting from a severe winter ice storm that took place on January 29, 2002.

The audit was issued on July 28, 2006 to the Regional Director of FEMA Region VII and has questioned \$9,301,699 of previously reimbursed costs to the City. The audit recommends that the Regional Director disallow the full \$9,301,699. The Regional Director has not provided a response to the audit.

The City has decided to not further contest questioned costs of \$874,100 and has recorded this amount as a liability in the financial statements. The City believes that it is reasonably possible that additional amounts may be owed; however, since the Regional Director has not responded to the audit findings, the amount and outcome cannot be reasonably estimated and no additional liability has been recorded.

Memorandum of Agreement with the U.S. Department of Housing and Urban Development (HUD)

On April 1, 2013, the City entered into a Memorandum of Agreement with the Housing and Urban Development (“HUD”) to establish performance measures by which HUD will evaluate the City in its efforts to develop, or cause the development of, the properties funded in whole or in part with funds under the Community Development Block Grant (“CDBG”) and HOME Investment Partnerships (“HOME”) programs that are currently held, or were previously held, by the Housing and Economic Development Financial Corporation (HEDFC); now currently under federal receivership in the case styled *City of Kansas City, Missouri v. Housing and Economic Development Financial Corporation* (Case No. 05-00368-CV-W-GAF) pending in the U.S. District Court for the Western District of Missouri, Western Division.

The purpose of this Memorandum of Agreement was to identify specific corrective action the City must undertake in order to resolve deficiencies related to its capacity and ability to effectively and efficiently administer formula grant funds in compliance with federal requirements and in accordance with the City’s Consolidated Plan.

On March 31, 2005, HUD issued a Limited Denial of Participation (“LDP”) to HEDFC, the City’s largest subrecipient, for various violations of HUD regulations. On April 21, 2005, the City filed a Complaint against HEDFC in the U.S. District Court for the Western District of Missouri (“the Court”) seeking an order to compel HEDFC to return the CDBG and HOME program income and CDBG and HOME-derived assets it was holding. Seeking a declaratory judgment regarding the effect of the LDP, HUD was also named as a defendant in that suit.

At the request of the City and HUD, the court appointed a receiver on May 16, 2005 to oversee the daily operations of HEDFC and to take possession and control of all assets of HEDFC. Under the supervision of the Court, the City, the Receiver and HUD have been collaborating in order to develop, transfer or liquidate the remaining HEDFC assets in a manner that accords with HUD’s program requirements. An important document created by the City was its reBuildKC/ Neighborhoods (“reBuildKC”) plan in 2010, which serves as a master guideline for specific actions the City has committed to undertake in addressing the HEDFC assets, identifying a five-year

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development strategy, re-connecting with local nonprofit and profit partners and in adding capacity for the housing department.

As a result of these efforts, the City accepted the transfer and loan servicing responsibilities of all the remaining loans in HEDFC's loan portfolio. In addition, a number of HEDFC-owned properties once under receivership are now in some phase of development. Through these activities and despite a difficult lending and development environment, the City has identified developers, whom HUD has approved, who will develop projects representing total investments of over \$138 million. HUD and the City agree that there are HEDFC assets which have not been brought into compliance with HUD program requirements.

HUD and the City have listed a series of projects, parcels of real properties and activities that will be developed or completed in compliance with HUD's regulations and requirements. These are referred to as Time Sensitive Performance Measures and consist of three benchmarks regarding when these projects must be completed.

If HUD determines that the City has failed to meet a performance deadline, HUD will, after adhering to applicable notice and procedural requirements, advise or instruct the City to use non-federal funds to reimburse its CDBG or HOME program accounts. Upon receipt of such advice, the City agrees to reimburse those program accounts for the full repayment amount. The total value of the projects still not in compliance with HUD's program requirements, and thus subject to repayment if the City has failed to meet a performance deadline is \$6.4 million as of April 30, 2016. The City does not believe that any of this amount will be subject to repayment by use of non-federal funds.

City of Kansas City, Missouri Overflow Control Program (OCP)

In 2003, the City Council directed the City Manager to prepare a long range plan to manage wet weather flow in both the separate and combined sewer systems within the city. In response, Kansas City Water Services prepared an Overflow Control Plan (the "Plan"). Creation of the Plan was driven by requirements of the federal Clean Water Act and by policies of the United States Environmental Protection Agency (EPA) and Missouri Department of Natural Resources (MDNR) related to sewer infrastructure. The Plan is structured to prevent as much stormwater as practicable from entering the combined sewer system and separate sewer system to reduce sewer overflows and provide a platform to facilitate implementation of a comprehensive green solutions initiative in the city.

Kansas City's Plan was developed to meet regulatory requirements related to reducing wet-weather overflows from the combined sewer system and preventing overflows from the separate sewer system. The City and its regulatory partners have agreed to meet those objectives over a 25-year time period by completing a planned list of improvements targeted at capturing for treatment 88 percent of combined sewer flows and eliminating sanitary sewer overflows during a five-year, twenty-four hour rainfall event. Individual elements of the City's Overflow Control Program (OCP) became part of an enforceable document on September 27, 2010, with the entry of a Consent Decree in United States District Court for the Western District of Missouri. To date, the City has fulfilled all requirements set forth in the Consent Decree.

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Beginning in mid-2013, Water Services and its Overflow Control Program team members worked with EPA to modify specific components of the control measure implementation schedule to allow sufficient time for the City to better determine the sizing of any necessary infrastructure investments for control of sewer overflows in the Blue River South Basin prior to initiating construction. EPA approved these changes in November 2014. The modifications also resulted in the strategic advancement of several other projects that are intended to reduce the frequency of overflow events in the combined sewer system and to reduce the amount of excessive inflow and infiltration into the City's separate system.

The current estimated capital cost of this control plan is projected to cost approximately \$4.5 billion with estimated inflation at the end of the 25-year timeframe. In addition, there is expected to be a \$72 million increase in annual expenditures for operation and maintenance. It is anticipated that this Plan will be funded primarily from the City's sewer fund, which is separate from the general fund. The City does not anticipate that the City's general fund will be relied upon to assist in the financing of the Plan. As implementation of the Plan continues, specific financing strategies to offset the cost will be evaluated and implemented, which could include appropriation of monies from the City's general fund.

The Overflow Control Program contains some 121 overflow control measure projects to be implemented over the 25 year implementation period. The program is currently on schedule and on budget with Water Services having completed 16 projects and currently implementing 44 projects.

The consent decree can be found at:

<http://www.kcmo.org/idc/groups/public/documents/waterservices/consentdecree.pdf>

Litigation

On December 1, 2009, BBA US Holdings, Inc. ("BBA") and its subsidiary, Executive Beechcraft, Inc. ("Executive Beechcraft"), filed a petition in the Circuit Court of Jackson County, Missouri, (Case No. 0916CV-36906) against the City and other defendants relating to a transaction involving BBA's acquisition of Topeka Aircraft, Inc. (including its subsidiary, Executive Beechcraft, Inc., operating a fixed base operation at the Charles B. Wheeler Downtown Airport (the "Downtown Airport")). In its lawsuit, BBA alleged that the City misrepresented certain facts thereby causing BBA to overpay for its purchase of Topeka Aircraft, Inc. The case was settled during the year ended April 30, 2013.

Under the terms of the settlement, the City was released from all claims by BBA and modifications were made to the lease agreement between BBA and the Fund. The Fund agreed to grant a total of \$2.5 million in rent credits to BBA through December 31, 2018. The settlement has been accrued in the current and long-term other accrued liabilities in the accompanying financial statements.

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Note 13: Fund Deficits

The Justice Assistance grant fund (special revenue fund) has a deficit balance of \$39,000 due to not receiving reimbursement of all expenditures as of the end of the fiscal year. Future grant reimbursements from the federal government will cover the deficit.

The Other Governmental grant fund (special revenue fund) has a deficit balance of \$236,000 due to not receiving reimbursement of all expenditures as of the end of the fiscal year. Future grant reimbursements from the federal government will cover the deficit.

Note 14: Subsequent Events

Reappropriation of Fund Balance

On April 14, 2016, the City Council passed Ordinance 160223. This ordinance authorized certain unencumbered and unexpended appropriations from fiscal year 2016 to be reappropriated to fiscal year 2017, and for certain uncollected revenues in fiscal year 2016 to be re-estimated in fiscal year 2017. The net of these amounts are included in committed fund balance in the City's financial statements for each of the respective funds.

These net reappropriations are summarized in the following table (*in thousands*):

General fund	\$ 2,294
Capital improvements fund	<u>30,817</u>
Total governmental funds	<u><u>\$ 33,111</u></u>

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Note 15: Pledged Revenues

The City has pledged specific revenue streams to secure the repayment of certain outstanding debt issues. The following table lists those revenues and the corresponding debt issue along with the purpose of the debt, the amount and term of the pledge remaining, the current fiscal year principal and interest on the debt, the amount of pledged revenue recognized during the current fiscal year and the approximate percentage of the revenue stream that has been committed if estimable (*in thousands*):

Issue	Type Revenue Pledged	Amount of Revenue Pledged	General Purpose for Debt	Term of Commitment	% of Revenue Pledged	Principal & Interest Paid for the Year	Pledged Revenue Recognized for the Year
Water Revenue Bonds and Capital Lease Agreements (2008A, 2009A, 2012A, 2013A, 2014A, 2015A Automated Meter Reader 2007, 2009 (3))	Revenues derived from the Water fund	\$ 513,599	To finance improvements to the water systems and facilities, to cover installation of automated meter reading system and lab equipment	through 2040	24	\$ 46,292	\$ 84,996
Sewer Revenue Bonds (1997A, 1998A, 1999A, 2000A, 2000B, 2001B, 2002J, 2004C, 2009A, 2009B, 2011A, 2012A, 2016A)	Revenues of the Sewer fund	639,078	To finance improvements to sewer system and facilities	through 2040	24 (1)	31,237	99,119
Stormwater Loans (2000, 2001-02, 2007)	Revenues of the Stormwater fund	2,719	To finance improvements to stormwater system	through 2028	11	444	2,106
General Improvement Airport Revenue Bonds (2013A, 2013B)	Revenues from airport operations	121,418	To fund all or portions of the costs on constructing and rehabilitating airport facilities	through 2028	4.5-13.2	17,964	51,882
Refunded PFC Series 2001, General Improvement Airport Revenue Bond Series 2003A and 2003B							
Consolidated Rental Car Facility Bonds (2005C)	Revenues from airport operations (Customer Facility Charge)	28,091	To fund the costs of constructing a consolidated rental car facility	through 2021	4	5,646	5,646

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Issue	Type Revenue Pledged	Amount of Revenue Pledged	General Purpose for Debt	Term of Commitment	% of Revenue Pledged	Principal & Interest Paid for the Year	Pledged Revenue Recognized for the Year
* Special Obligation 2010B (Refunding KCMAC 2001B) and 2013B (Refunding KCMAC 2003C-1)	A portion of future sales tax generated from funds with the Zona Rosa Transportation Development District and Capital Improvement District Sales Tax	\$ 7,752	To finance public improvements within Zona Rosa Development	through 2023	100	\$ 1,142	\$ 1,814
* Special Obligation 2010B (Refunding KCMAC 2001B) (Prospect North Project) and Special Obligation Series 2015A (KCMAC 2004B-2 refunding)	TIF revenues, payment in lieu of taxes and certain economic activity taxes generated from the Prospect North TIF plan	7,198	To finance development of the Prospect North TIF plan	through 2022	100	982	0
*KCMAC and LCRA (Auditorium Plaza Garage Project) (KCMAC 2006A Issuance Auditorium Plaza Garage Portion, LCRA Series 2005-E Auditorium Plaza Garage Portion) and Special Obligation Series 2015A (KCMAC 2006A APG portion)	Net operating revenue of the Auditorium Plaza Garage	3,198	To finance Auditorium Plaza Garage	through 2020	100	734	812
*Special Obligation 2010C Refunded MDFB Taxable Infrastructure (Valentine Shopping Center) (Series 1998)	Net operating income from rental properties, parking fees and excess TIF/STIF from Uptown theater	603	To finance Valentine Shopping Center project	through 2018	100	337	132
*Special Obligation VRDO Refunded and Improvement Revenue Bonds Series 2009C & D (Refunded TIFC Series 2003C (Tax-Exempt) and Refunding Series 2003D (Taxable))	TIF Revenues	8,170	To finance I-35 and Chouteau Project	through 2024	100 (2)	903	1,013

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Issue	Type Revenue Pledged	Amount of Revenue Pledged	General Purpose for Debt	Term of Commitment	% of Revenue Pledged	Principal & Interest Paid for the Year	Pledged Revenue Recognized for the Year
* Special Obligation Improvement and Refunding Bond Series 2013B (Refunding TIFC Improvement Revenue Bonds and Series 2004)	TIF/STIF Revenues/Community Improvement District Sales Tax	\$ 14,265	To refinance the TIF 2004 Series that financed the construction of the Blue Parkway business district	through 2028	100	\$ 1,083	\$ 511
*Special Obligation VRDO Improvement Revenue Bonds Series 2009A (Refunded TIFC Series 2005 Issuance)	TIF/STIF Revenues, parking revenues and Special Assessment revenues	5,656	Refunding of bonds originally used to construct and equip 909 Walnut parking garage	through 2024	100 (2)	528	965
*Special Obligation VRDO Improvement Revenue Bonds Series 2009B (Refunded TIFC Taxable Series 2004)	TIF/STIF Revenues, Convention and Visitors Association reimbursements, Minimum Property Assessment Value Payments	15,018	Refunding of bonds originally used to finance the refurbishing of the President Hotel	through 2028	100 (2)	871	1,672
*IDA Refunded Revenue Bonds 2005A and 2011A (IDA Series 2005A, remarketed 2005B, 2006A, 2006B) Special Obligation 2014C (partially refunded IDA Series 2005A and Series 2011A)	TIF/STIF revenues, Transportation Development District revenues and DESA revenues	436,044	To finance KC Live Project	through 2040	100	15,053	6,070
*Special Obligation 2008C and 2008D Refunding Bonds refunding IDA VRDO Improvement Revenue Bonds (IDA Series 2005C, 2005D, and 2006E), Special Obligation Series 2016E (Refunding Special Obligation Series 2008C and financing improvements)	Future car rental and hotel fees net of Convention and Visitors Bureau share; User Fees	340,112	To finance the building of a downtown arena	through 2040	100 (3)	14,320	14,834
*LCRA Leasehold Revenue Refunding Bonds and Special Obligation Series Taxable Revenue Bonds (LCRA 2005E and Special Obligation Series 2010C)	TIF/STIF Revenues, Convention and Visitor Association Reimbursements Revenues	9,967	To finance the Muehlebach Hotel Project	through 2019	100	3,305	3,062

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Issue	Type Revenue Pledged	Amount of Revenue Pledged	General Purpose for Debt	Term of Commitment	% of Revenue Pledged	Principal & Interest Paid for the Year	Pledged Revenue Recognized for the Year
*PIEA Taxable Industrial Revenue Bonds (2005)	Neighborhood Development District Special Assessments and Non-TIF redirection/parking revenues	\$ 5,777	To finance the 300 Wyandotte Parking Garage Project	through 2025	100	\$ 613	\$ 325
*IDA Refunding and Improvement Revenue Bonds 2006C (Refunded the MDFB Series 1995 Bonds)	Certain TIF revenues	-	To finance the Civic Mall Refunding and Cherry Street Inn demolition project	through 2016	100	(4)	781
*IDA Refunding Revenue Bonds (Refunded the MDFB Series 1998) 2007A	TIF/STIF revenues associated with the redevelopment areas	432	To finance the Uptown theater project	through 2017	100	416	554
*IDA Refunding Revenue Bonds (Refunded the MDFB Series 2000A) (2007A)	State and City TIF/STIF revenues associated with the redevelopment areas	24,021	To finance the Midtown Retail District project	through 2022	100	4,120	7,736
*Special Obligation 2008A Refunding and Improvement Revenue Bonds, and Special Obligation Refunding Bonds Series 2016C (Second Street Portion)	Revenues from TIF revenues from the redevelopment area	1,162	To finance improvements to Second Street redevelopment area	through 2026	100	(3)	77
*Special Obligation 2008A Refunding and Improvement Revenue Bonds, Hodge Park Shoal Creek Golf Courses and Special Obligation Refunding Bonds Series 2016C (Hodge Park Portion)	Revenues from golf operations	3,514	To refinance the KCMAC 1998 construction of Hodge Park, Shoal Creek golf courses	through 2023	100	(3)	543

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Issue	Type Revenue Pledged	Amount of Revenue Pledged	General Purpose for Debt	Term of Commitment	% of Revenue Pledged	Principal & Interest Paid for the Year	Pledged Revenue Recognized for the Year
*Special Obligation 2008B and 2010A Improvement Revenue Bonds, East Village Project and Special Obligation Refunding Bonds Series 2016D	State and City TIF/STIF Revenues	\$ 43,069	To finance parking garage and public improvements	through 2031	100	(3) \$ 2,320	\$ 1,896
*Special Obligation 2014A Downtown Street Car Project	Sales Tax on retail sales occurring within the Downtown Streetcar District and Special Assessments on real property within the District	102,002	To finance the design, construction and equipping of a two-mile north-south streetcar route	through 2038	100	4,433	11,101

- (1) Gross Debt Service.
- (2) Amounts include support costs paid on variable rate bonds.
- (3) No debt service paid on Special Obligation Series 2016C, 2016D, and 2016E in fiscal year 2016.
- (4) Final redemption on the IDA Series 2006C bonds occurred on December 1, 2015.

*The City believes that the revenues pledged for the respective debt issues do not meet the definition of pledged revenues under GASB 48. Although these bonds may have dedicated revenues, they are ultimately secured by the annual appropriation pledge of the City. The City believes that showing specific revenue streams that are used to pay principal and interest on the debt is beneficial to the respective bondholders.

Note 16: Restatements

During the year, the City implemented Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of the GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date - an amendment of GASB Statement No. 68*. Additional information on the implementation of these statements can be found in Note 10. As a result of implementing GASB Statements No. 68 and 71, the City restated its beginning net position to reflect the impact of implementation as summarized below:

	Governmental Activities	Business-type Activities	Total
Net position, May 1, 2015, as previously reported	\$ 2,885,729	\$ 2,117,859	\$ 5,003,588
Beginning deferred outflow	67,237	10,455	77,692
Beginning NPO	47,692	12,164	59,856
Net pension liability	<u>(536,688)</u>	<u>(46,351)</u>	<u>(583,039)</u>
Net position, May 1, 2015, as restated	<u>\$ 2,463,970</u>	<u>\$ 2,094,127</u>	<u>\$ 4,558,097</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

	WaterSewer		Kansas City AirportsTotal	
Net position, May 1, 2015, as previously reported	\$ 676,815	\$ 534,644	\$ 906,400	\$ 2,117,859
Beginning deferred outflow	3,720	3,473	3,262	10,455
Beginning NPO	4,301	4,248	3,614	12,163
Net pension liability	<u>(16,492)</u>	<u>(15,398)</u>	<u>(14,461)</u>	<u>(46,351)</u>
Net position, May 1, 2015, as restated	<u>\$ 668,344</u>	<u>\$ 526,967</u>	<u>\$ 898,815</u>	<u>\$ 2,094,126</u>

During the year, the Kansas City Board of Police Commissioners implemented Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

Additional information on the implementation of the statement can be found in Note 10. As a result of implementing GASB Statement No. 68, the Police Department restated its beginning net position to reflect the impact of implementation as summarized below:

Net position, May 1, 2015, as previously reported	\$ (139,018)
Beginning NPO	<u>104,986</u>
Net position, May 1, 2015, as restated	<u>\$ (34,032)</u>

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule—General Fund
Year Ended April 30, 2016
(In thousands of dollars)

	Budget				Variance with
	Original	Final	Actual	Final Budget	
Revenues					
Taxes	412,316		\$ 416,334	\$ 406,697	\$ (9,637)
Licenses, permits and franchises	26,146	26,146	26,146	27,454	1,308
Fines and forfeitures	17,675	17,675	17,675	14,292	(3,383)
Rents and concessions	697	697	697	850	153
Investment income and interest	1,435	1,435	1,435	1,429	(6)
Charges for services	42,052	42,115	42,115	42,531	416
Intergovernmental revenues	3,054	3,755	3,755	4,339	584
Special assessments	310	310	310	419	109
Other	1,116	1,377	1,377	1,600	223
Total revenues	<u>504,801</u>	<u>509,844</u>	<u>509,844</u>	<u>499,611</u>	<u>(10,233)</u>
Other financing sources:					
Transfers in	<u>28,177</u>	<u>31,815</u>	<u>31,815</u>	<u>32,452</u>	<u>637</u>
Total revenues and other financing sources	<u>\$ 532,978</u>	<u>\$ 541,659</u>	<u>\$ 541,659</u>	<u>\$ 532,063</u>	<u>\$ (9,596)</u>
Expenditures					
Mayor and City Council	\$ 4,876	\$ 4,519	\$ 4,519	\$ 4,228	\$ 291
City Clerk	452	540	540	513	27
City Auditor	1,325	1,268	1,268	1,252	16
General Services	34,806	33,747	33,747	33,434	313
Board of Election Commissioners	2,838	2,758	2,758	2,622	136
City Manager	8,722	8,481	8,481	7,749	732
Municipal Court	14,963	13,751	13,751	13,386	365
Finance	15,489	15,224	15,224	14,961	263
Law	4,650	4,580	4,580	4,566	14
Human Resources	3,619	3,671	3,671	3,563	108
Human Relations	1,849	1,514	1,514	1,445	69
Contingent Appropriation	5,031	-	-	-	-
City Planning and Development	4,758	4,576	4,576	4,363	213
Fire	144,211	151,601	151,601	148,781	2,820
Public Works	25,669	24,372	24,372	23,035	1,337
Neighborhood and Housing Services	19,231	18,084	18,084	17,612	472
Parks and Recreation	1,999	2,644	2,644	2,644	-
Police	201,973	205,599	205,599	205,583	16
Total expenditures	<u>496,461</u>	<u>496,929</u>	<u>496,929</u>	<u>489,737</u>	<u>7,192</u>
Other financing uses:					
Transfers out	<u>39,507</u>	<u>43,271</u>	<u>43,271</u>	<u>39,458</u>	<u>3,813</u>
Total expenditures and other financing uses	<u>\$ 535,968</u>	<u>\$ 540,200</u>	<u>\$ 540,200</u>	<u>\$ 529,195</u>	<u>\$ 11,005</u>

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule—General Fund
Year Ended April 30, 2016
(In thousands of dollars)

	<u>Budget</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues and other financing sources	\$ 532,978	\$ 541,659	\$ 532,063	\$ (9,596)
Expenditures and other financing uses	<u>535,968</u>	<u>540,200</u>	<u>529,195</u>	<u>11,005</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,990)	1,459	2,868	1,409
Net change in encumbrances, reserves and prior year adjustments	<u>-</u>	<u>-</u>	<u>(976)</u>	<u>(976)</u>
Net change in fund balance	<u>\$ (2,990)</u>	<u>\$ 1,459</u>	1,892	<u>\$ 433</u>
Fund balance (budget basis):				
Beginning of year			<u>55,885</u>	
End of year			<u>\$ 57,777</u>	

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Budgetary Comparison Schedules
Year Ended April 30, 2016

Budgetary Process

The reported budgetary data represent the final approved budget after amendments as adopted by the City council. Amendments to the original budget were not material and unencumbered appropriations lapse at year-end. Encumbered appropriations at year-end are carried forward into the following year for final disposition. These procedures are followed in establishing the budget:

1. The Mayor and Council adopt a five-year financial plan no later than November 1 of each year.
2. On or before the second regular meeting of the City Council in February, the City Manager submits to the Mayor and the Council, the budget prepared by the City Manager considering the five-year-financial plan adopted by the Mayor and Council.
3. The City Council conducts a review of the budget, including hearings with the City Manager and department officers. Upon conclusion of its review and not later than the first regular meeting of the Council in March, the budget ordinance is introduced for consideration.
4. Public hearings are conducted to obtain citizens' comments.
5. At the fourth regular meeting in March, the Council adopts the budget ordinance with or without alteration or amendment.

Financial Statement Presentation—Budget Basis

The City prepares legally adopted annual operating budgets for the general fund, special revenue funds (which include ambulance services, ARRA stimulus, arterial street impact fee, boulevard maintenance, brownfields revolving, CID/NID revolving loan, community centers, community development block grant, convention and tourism, development services, domestic violence shelter operations, economic development initiative – HUD grant, fire sales tax, golf operations, governmental grants, health levy, HOME investment, housing opportunities for persons with AIDS, HUD lead-based paint grant, inmate security, justice assistance grants, KCATA sales tax, land bank, liberty memorial trust, museum, neighborhood stabilization grant, neighborhood tourist development, parking garage, parks and recreation, performing arts center parking garage, police drug enforcement, police grants, public mass transportation, public safety sales tax, Ryan White HIV/AIDS, special housing rehabilitation, strategic neighborhoods, street car, street maintenance and youth employment.), capital projects funds (which include capital improvements and revolving public improvement) and debt service funds (which include convention and sports complex, downtown arena debt, general debt and interest, GO recovery zone bonds, KC downtown redevelopment district, N.I.D. GO bond, sewer special assessment, STIF—909 Walnut Tower, STIF—12th and Wyandotte, STIF—Brush Creek/Blue Parkway/Town Center, STIF—East Village, STIF—HOK Sport Garage, STIF—Hotel President, STIF—Midtown, STIF—Uptown, STIF—Valentine, streetlight debt and TIF debt). The City also prepares annual operating budgets for the enterprise funds; however, there is no requirement to report on these budgets.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Budgetary Comparison Schedules
Year Ended April 30, 2016

Therefore, the financial statements include a comparison of budget to actual only for the budgeted governmental funds.

The City's policy is to prepare the governmental fund types' annual budgets on a cash basis, which is modified to include encumbrances as the equivalent of expenditures.

After passage of the annual appropriation ordinance, upon recommendation of the Director of Finance, the Council may by ordinance authorize the transfer of unencumbered balances appropriated for one department to any other department. An unencumbered balance appropriated for one purpose may be transferred to another purpose within a department upon the approval of the department head and subject to the certification of available funds by the Director of Finance. Additionally, an unencumbered balance appropriated to a department for a specific purpose may be transferred to any other department for the same purpose within the same fund upon approval of the respective department heads and subject to the certification of available funds by the Director of Finance. (Code of Ordinances, Section 2-1992).

Project budgets are adopted in the certain capital projects funds where appropriations do not lapse at fiscal year end.

Budgeting and Budgetary Control

The accounting principles employed by the City in its budgetary accounting and reporting system are designed to enhance budgetary control. Certain of these principles differ from those used to present financial statements in accordance with U.S. generally accepted accounting principles. The significant differences are the exclusion of accrued and deferred revenues and accrued expenditures and transfers out from the budgetary-basis statement.

Following is a reconciliation of these differences for the year ended April 30, 2016 (*in thousands*):

	General Fund
Net change in fund balance – budgetary basis	\$ 1,892
Adjustments	
Net change in encumbrances, reserves and prior year adjustments, budgetary basis	976
To record accrual and deferral of revenues, net	42,352
To record accrual of expenditures and transfers out	<u>(31,928)</u>
Net change in fund balance – GAAP basis	<u>\$ 13,292</u>

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Budgetary Comparison Schedules
Year Ended April 30, 2016

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the funds. Other commitments include encumbrances that have been established for future planned expenditures where the purpose is known but a specific contract with a vendor has not yet been finalized.

At April 30, 2016, encumbrance balances by major fund and nonmajor governmental funds in the aggregate were *(in thousands)*:

Fund	Amount
General	\$ 5,989
Capital improvements	38,644
Nonmajor governmental	58,488
Water	56,113
Kansas City Airports	57,700
Sewer	<u>110,540</u>
 Total	 <u>\$ 327,474</u>

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of Changes in the City's Net Pension Liability and Related Ratios
The Employees' Retirement System
April 30, 2016

	2016
Total pension liability	
Service cost	\$ 19,694,295
Interest on total pension liability	85,393,038
Benefit payments, including member refunds	(63,149,987)
Net change in total pension liability	41,937,346
Total pension liability - beginning	1,149,883,725
Total pension liability - ending	1,191,821,071
Fiduciary net position	
Net investment income	84,827,952
City contributions	27,569,434
Member contributions	8,610,268
Benefits paid	(58,650,593)
Refunds of contributions	(4,499,394)
Administrative expenses	(379,424)
Net change in fiduciary net position	57,478,243
Fiduciary net position - beginning	1,027,655,034
Fiduciary net position - ending	1,085,133,277
Net pension liability, ending	\$ 106,687,794
Fiduciary net position as a percentage of total pension liability	91.05%
Covered payroll	\$ 167,629,048
Net pension liability as a percentage of covered payroll	63.65%

Note to schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The total pension liability and related ratios were measured as of April 30 of the prior year. See Note 10 for further discussion on measurement and valuation dates.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of City Contributions
The Employees' Retirement System
April 30, 2016

Fiscal Year	Actuarially	Actual	Contribution	Contribution	Contribution	Contribution
Ending	Determined	Employer	Deficiency	Covered	as a % of	as a % of
April 30	Contribution	Contribution	(Excess)	Payroll	Covered	Payroll
2007	\$ 17,652,900	\$ 18,496,476	\$ (843,576)	\$ 158,779,836		11.65%
2008	15,623,936	20,011,617	(4,387,681)	169,867,066		11.78%
2009	19,364,846	20,330,486	(965,640)	160,200,649		12.69%
2010	29,589,060	19,186,317	10,402,743	153,948,044		12.46%
2011	27,772,227	18,822,709	8,949,518	163,133,722		11.54%
2012	26,326,555	20,543,487	5,783,068	161,134,295		12.75%
2013	27,682,872	23,744,372	3,938,500	166,877,689		14.23%
2014	27,568,194	25,987,662	1,580,532	167,629,048		15.50%
2015	27,568,194	27,569,434	(1,240)	167,629,048		16.45%
2016	24,540,893	24,577,647	(36,754)	166,853,097		14.73%

Notes to Schedule:

Valuation Date 5/1/2014
Timing Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.

Key Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method Entry Age
Asset valuation method 4-year smoothing using Expected Value Method. 85% / 110% corridor around market value.
Amortization method 20-year layered amortization as a level percent of pay. Changes to the 5/1/2009 unfunded actuarial liability were amortized over 30 years.
Discount rate 7.50%
Amortization growth rate 4.00%
Price inflation 3.00%
Salary increases Ranges from 8.0% to 4.0%
Cost-of-living adjustments 3.00% simple
Mortality Healthy: 1994 Group Annuity Mortality Table
Disabled: 1983 Railroad Retirement Board Disabled Life Mortality Table

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of Investment Returns
The Employees' Retirement System
April 30, 2016

Fiscal Year Ending April 30 2016 2015

Annual money-weighted rate of return, net of investment expense	-2.50%	8.36%
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Note to schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
The Employees' Retirement System
April 30, 2016

Changes of benefit and funding terms – The following changes to the plan provisions were reflected in the valuation as listed below:

4/30/2014 Valuation

- Effective April 20, 2014, Tier I member contribution rates increased by 1.00% and the interest credited to employee account balances decreased to 5.00%.
- Tier II members were added.

4/30/2013 Valuation

- The City contribution rate changed from 9.50% of payroll for General Employees and 19.50% of payroll for Judges and Elected Officials to the prior year's actuarially determined contribution rate.

4/30/2012 Valuation

- The plan was amended to provide MAST employees with service prior to April 25, 2010 and to implement a special benefit schedule for these employees.

4/30/2011 Valuation

- The Plan was amended according to Ordinance No. 110218, so that unless otherwise provided, no members of the Council, including the Mayor, who commence a term of office after April 30, 2011 shall participate in this plan for any service after April 30, 2011. However, members of the Council, including the Mayor, elected on March 27, 2007 for a term beginning May 1, 2007 and also elected on March 22, 2011 for a term beginning on May 1, 2011 are members of this plan as long as they are continuously a member of the Council, including the Mayor.

Changes in actuarial assumptions and methods – The following changes to the plan provisions were reflected in the valuations as listed below:

4/30/2011 Valuation

- Actuarial assumptions were changed based on recommendations from the May 1, 2006 through April 30, 2010 actuarial experience study that was adopted by the Board. The changes affected withdrawal rates, retirement rates, age of spouse assumptions, salary increases and J&S election assumptions.

4/30/2009 Valuation

- The Amortization of UAL changed from a 20-year level percent of pay amortization method to a 30-year layered level percent of pay amortization method for the 5/1/2009 change to the unfunded actuarial liability.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
The Employees' Retirement System
April 30, 2016

4/30/2008 Valuation

- The Asset Smoothing Method switched from the prior method of using preliminary asset value plus 20% of the difference between the market value and the preliminary asset value to the new method of using 100% of expected returns plus 25% of actual returns above or below the expected return. The minimum asset corridor also changed from 90% to 85%.
- The Amortization of UAL changed from a 30-year rolling level dollar amortization method to a 20-year layered level percent of pay amortization method.
- The Investment Return Assumption changed from 7.75% to 7.50%.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Firefighters' Pension System
April 30, 2016

	2016
Total pension liability	
Service cost	\$ 13,137,551
Interest on total pension liability	43,442,934
Benefit payments, including member refunds	(34,761,116)
Net change in total pension liability	21,819,369
Total pension liability - beginning	583,167,922
Total pension liability - ending	604,987,291
Fiduciary net position	
Net investment income	32,940,446
City contributions	16,258,533
Member contributions	6,258,482
Benefits paid	(32,804,795)
Refunds of contributions	(1,956,321)
Administrative expenses	(264,100)
Net change in fiduciary net position	20,432,245
Fiduciary net position - beginning	462,585,466
Fiduciary net position - ending	483,017,711
Net pension liability, ending	\$ 121,969,580
Fiduciary net position as a percentage of total pension liability	79.84%
Covered payroll	\$ 59,410,476
Net pension liability as a percentage of covered payroll	205.30%

Note to schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The total pension liability and related ratios were measured as of April 30 of the prior year. See Note 10 for further discussion on measurement and valuation dates.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of City Contributions
Firefighters' Pension System
April 30, 2016

Fiscal Year	Actuarially	Actual	Contribution	Contribution	Contribution
Ending	Determined	Employer	Deficiency	Covered	as a % of
April 30	Contribution	Contribution	(Excess)	Payroll	Covered Payroll
2007	\$ 9,419,485	\$ 9,466,685	\$ (47,200)	\$ 47,022,072	20.13%
2008	8,734,919	9,937,683	(1,202,764)	49,420,823	20.11%
2009	9,476,409	10,319,886	(843,477)	51,168,515	20.17%
2010	17,123,835	10,465,322	6,658,513	53,612,509	19.52%
2011	12,827,773	10,297,638	2,530,135	51,934,305	19.83%
2012	14,045,886	11,603,818	2,442,068	51,983,293	22.32%
2013	15,400,404	13,120,169	2,280,235	60,062,558	21.84%
2014	16,182,139	11,795,883	4,386,256	58,356,072	20.21%
2015	16,162,139	16,258,533	(96,394)	59,410,476	27.37%
2016	16,581,464	16,631,844	(50,380)	59,294,555	28.05%

Notes to Schedule:

Valuation Date	5/1/2014
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.

Key Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age
Asset valuation method	5-year smoothed market. 80% / 120% corridor around market value.
Amortization method	30-year layered amortization as a level percent of pay for changes to the unfunded actuarial liability on or after 5/1/2008.
Discount rate	7.50%
Amortization growth rate	3.00%
Price inflation	2.50%
Salary increases	Ranges from 8.0% to 3.0%
Cost-of-living adjustments	3.00% simple
Mortality	Healthy: RP-2000 Combined Mortality Table set forward one year for males and females Disabled: RP-2000 Combined Mortality Table set forward three years for males and females

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of Investment Returns
Firefighters' Pension System
April 30, 2016

Fiscal Year Ending April 30 2016 2015

Annual money-weighted rate of return, net of investment expense	-1.50%	7.19%
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Note to schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
Firefighters' Pension System
April 30, 2016

Changes of benefit and funding terms – The following changes to the plan provisions were reflected in the valuation as listed below:

4/30/2014 Valuation

- Effective April 20, 2014, member contribution rates increased by 1.00% and Tier II have been added to the Plan.

4/30/2011 Valuation

- According to Ordinance No. 100606, members can now designate at retirement that a qualified domestic partner receive death benefits.

Changes in actuarial assumptions and methods – The following changes to the plan provisions were reflected in the valuations as listed below:

4/30/2014 Valuation

- The investment return assumption decreased from 7.75% to 7.50%.

4/30/2012 Valuation

- An actuarial experience study was conducted and resulted to changes in the following assumptions:
 - Inflation
 - Real wage growth
 - Termination rates
 - Retirement rates
 - Disability rates
 - Duty related disability percentage
 - Spouse age difference
 - Marriage assumption
 - Health mortality
 - Disabled mortality

4/30/2009 Valuation

- The minimum asset corridor, used in the asset smoothing method, changed from 85% to 80% and the maximum asset corridor changed from 110% to 120%.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
Firefighters' Pension System
April 30, 2016

- The Amortization of UAL changed from a 20-year fixed level percent of pay amortization method for changes to the UAL for the years on and after May 1, 2009 to a 30-year fixed level percent of pay amortization method for changes to the UAL for the years on and after May 1, 2009.

4/30/2008 Valuation

- The minimum asset corridor, used in the asset smoothing method, changed from 90% to 85%.
- The Amortization of UAL changed from a 30-year rolling level percent of pay amortization method to a 30-year fixed level percent of pay amortization of the May 1, 2008 UAL and a 20-year fixed level percent of pay amortization method for changes to the UAL for the years on and after May 1, 2009.
- The investment return assumption was changed from 8.00% to 7.75%.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Civilian Employees' Retirement System
April 30, 2016

	2016
Total pension liability	
Service cost	\$ 4,403,101
Interest on total pension liability	11,366,771
Effect of assumption changes or inputs	2,318,394
Benefit payments, including member refunds	(6,320,353)
Net change in total pension liability	11,767,913
Total pension liability - beginning	157,964,859
Total pension liability - ending	169,732,772
Plan Fiduciary Net Position	
Net investment income	6,756,442
Net securities lending income	23,157
City of Kansas City, MO contributions	4,930,686
Member contributions	1,323,061
Benefits paid	(6,185,573)
Refunds of contributions	(134,780)
Administrative expenses	(112,924)
Net change in fiduciary net position	6,600,069
Plan fiduciary net position - beginning	117,341,038
Plan fiduciary net position - ending	123,941,107
Net pension liability, ending	\$ 45,791,665
Fiduciary net position as a percentage of total pension liability	73.02%
Covered payroll	\$ 26,461,305
Net pension liability as a percentage of covered payroll	173.05%

Notes to schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The total pension liability and related ratios were measured as of April 30 of the prior year. See Note 10 for further discussion on measurement and valuation dates.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of City Contributions
Civilian Employees' Retirement System
April 30, 2016

Fiscal Year	Actuarially Ending April 30	Actual Determined Contribution	Employer Contribution	Deficiency (Excess)	Covered Payroll	Contribution Covered as a % of Payroll
2007	\$	3,820,000	\$ 2,682,000	\$ 1,138,000	\$ 24,072,998	11.14%
2008		4,137,000	3,372,000	765,000	25,665,396	13.14%
2009		4,289,000	3,471,000	818,000	26,413,102	13.14%
2010		3,616,000	3,330,000	286,000	25,340,387	13.14%
2011		4,748,000	3,185,000	1,563,000	25,162,434	12.66%
2012		4,361,000	3,146,000	1,215,000	23,975,937	13.12%
2013		4,956,000	3,283,000	1,673,000	25,005,998	13.13%
2014		5,658,000	4,122,000	1,536,000	25,616,923	16.09%
2015		4,931,000	4,931,000	-	26,461,305	18.63%
2016		5,048,000	5,048,000	-	25,747,787	19.61%

Notes to Schedule:

The following actuarial methods and assumptions were used to determine the actuarially determined employer contribution reported in the most recent fiscal year, which was based on the April 30, 2014 actuarial valuation:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	5-year smoothing of actual vs expected return on market value
Price inflation	3%
Salary increases	3.75% to 7.75%, including inflation
Investment rate of return	7.50%, net of investment expenses and including inflation
Future cost-of-living adjustments	2.50% (simple)

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of Investment Returns
Civilian Employees' Retirement System
April 30, 2016

Fiscal Year Ending April 30 2016 2015

Annual money-weighted rate of return, net of investment expense	-0.64%	5.74%
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Note to schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
Civilian Employees' Retirement System
April 30, 2016

Changes of benefit and funding terms – The following changes to the plan provisions were reflected in the valuation performed as of April 30 listed below:

2013 - The 2013 Missouri General Assembly passed Senate Bill 215/House Bill 418, which created a new benefit tier for members hired on or after August 28, 2013. The plan provisions changed were:

- Normal retirement changed from age 65 to age 67,
- Early retirement, without a reduction in benefit amount changed from Rule of 80 (age plus service equal or exceeds 80) or age 60 with 10 years of creditable service to Rule of 85 or age 62 with 20 years of creditable service,
- Final compensation changed from an average of the highest two years to the highest three years.

2008 - Plan provisions were changed, effective August 28, 2008, to require that a member must be in active service to be eligible for either a duty related or non-duty related disability retirement benefit.

2007 - There were two changes in plan provisions:

- Creditable service for military leave may be granted without payment of member contributions under certain circumstances
- The eligibility requirement for the supplemental benefit was changed from five to 15 years of creditable service for members retiring after August 28, 2007.

Changes in actuarial assumptions and methods – The following changes to the plan provisions were reflected in the valuations as listed below:

4/30/2013 Valuation:

- Reduction of the investment return assumption from 7.75% to 7.50%.
- Reduction of the assumed cost-of-living adjustment from 3.00% to 2.50%.
- Reduction of the general wage increase assumption from 4.00% to 3.75%.
- Modification of both early and normal retirement assumptions to better reflect the actual, observed experience.
- Termination of employment assumption was changed to a pure service-based assumption with one set of rates applicable to both males and females.
- The assumption regarding vested members who terminated employment was modified to value the greater of the value of the deferred monthly benefit or the value payable as a refund.
- The merit salary assumption was modified to reflect the current pay scales.
- The amortization of the UAAL was changed to be a single base, recalculated each year and amortized as a level percentage of payroll over an open 30 year period.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
Civilian Employees' Retirement System
April 30, 2016

4/30/2011 Valuation:

- The Board of Trustees adopted a change in the asset smoothing method and implemented it by resetting the actuarial value of assets equal to the market value of assets as of April 30, 2011. The new smoothing method recognizes the difference between the actual and expected return on the market value of assets evenly over a five-year period.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
Civilian Employees' Retirement System
April 30, 2016

4/30/2008 Valuation:

- Changed the mortality table to the RP-2000 Table, with a one year age set forward. Scale AA is used to project mortality improvements in future years.
- Adjusted the retirement rates to better fit observed experience.
- Adjusted the termination of employment rates based on experience from the current and prior years.
- Changed from an age-based to a service-based salary increase assumption.
- Lowered the assumption at ages 42 to 54 that vested terminating members will take a refund and forfeit their vested benefit.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Police Retirement System
April 30, 2016

	2016
Total pension liability	
Service cost	\$ 26,900,131
Interest on total pension liability	76,210,579
Effect of assumption changes or inputs	14,987,963
Benefit payments, including member refunds	(55,405,669)
Net change in total pension liability	62,693,004
Total pension liability - beginning	1,062,680,857
Total pension liability - ending	1,125,373,861
Plan fiduciary net position	
Net investment income	46,824,719
Net securities lending income	126,375
City of Kansas City, MO Contributions	28,933,261
Member contributions	10,874,921
Benefits paid	(55,006,617)
Refunds of contributions	(399,052)
Administrative expenses	(549,742)
Net change in fiduciary net position	30,803,865
Plan fiduciary net position - beginning	763,076,453
Plan fiduciary net position - ending	793,880,318
Net pension liability, ending	\$ 331,493,543
Fiduciary net position as a percentage of total pension liability	70.54%
Covered payroll	\$ 91,749,770
Net pension liability as a percentage of covered payroll	361.30%

Notes to schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The total pension liability and related ratios were measured as of April 30 of the prior year. See Note 10 for further discussion on measurement and valuation dates.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of City Contributions
Police Retirement System
April 30, 2016

Fiscal Year	Actuarially Ending April 30	Actual Determined Contribution	Employer Contribution (Excess)	Deficiency Covered	as a % of Payroll Covered	Contribution Covered	Payroll
2007	\$	21,429,000	\$ 14,527,000	\$ 6,902,000	\$ 73,739,766		19.70%
2008		23,181,000	15,747,000	7,434,000	79,934,573		19.70%
2009		24,619,000	16,701,000	7,918,000	84,775,068		19.70%
2010		22,154,000	16,645,000	5,509,000	84,493,549		19.70%
2011		32,020,000	16,532,000	15,488,000	87,105,133		18.98%
2012		28,277,000	16,477,000	11,800,000	83,783,881		19.67%
2013		31,653,000	16,934,000	14,719,000	86,036,186		19.68%
2014		35,062,000	22,242,000	12,820,000	89,320,031		24.90%
2015		28,933,000	28,933,000	-	91,749,770		31.53%
2016		30,272,000	30,272,000	-	91,951,939		32.92%

Notes to Schedule:

The following actuarial methods and assumptions were used to determine the actuarially determined employer contribution reported in the most recent fiscal year, which was based on the April 30, 2014 actuarial valuation:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	5 years smoothing of actual vs expected return on market value
Price inflation	3%
Salary increases	3.75% to 8.75%, including inflation
Investment rate of return	7.50%, net of investment expenses and including inflation
Future cost-of-living adjustments	2.50% (simple)

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of Investment Returns
Police Retirement System
April 30, 2016

Fiscal Year Ending April 30 2016 2015

Annual money-weighted rate of return, net of investment expense	-0.41%	6.08%
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Note to schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
Police Retirement System
April 30, 2016

Changes of benefit and funding terms – The following changes to the plan provisions were reflected in the valuation performed as of April 30 listed below:

2013 - The 2013 Missouri General Assembly passed Senate Bill 215/House Bill 418, which provided for the following changes to the System:

- Increased the number of years of creditable service from 30 to 32 (which results in the maximum benefit increasing from 75% to 80% of final average pay).
- Created a new benefit tier for new hires with the same benefit structure except final compensation is based on the average of the highest three years, eligibility for service retirement is the earlier of 27 years of service or age 60 with 15 years of service, and the form of payment is a joint and 50% survivor benefit, if married.
- Required the City to contribute the full employer actuarial contribution plus an additional \$200 per month for every member entitled to receive a supplemental benefit.

The Retirement Board increased the employee contribution rate by 1.00% from 10.55% to 11.55%.

2011 - A new employer policy allowed police officers to continue working until they reach 32 years of service, although benefit accruals and member contributions ended at 30 years.

2008 - Plan provisions were changed, effective August 28, 2008, to require that a member must be in active service to be eligible for either a duty related or non-duty related disability retirement benefit.

2007 - Creditable service for military leave may be granted without payment of member contributions under certain conditions.

2006 - Board Policy #018 was amended March 14, 2006 to provide the following definition of actuarial soundness: A retirement plan shall be considered actuarially sound for purposes described in the statutes, provided that at least one of the three following conditions is met:

- 1) The plan's funded ratio (actuarial value of assets/actuarial accrued liability) measured in accordance with GASB Statement 25, rounded to the nearest whole percentage, is 75% or greater.
- 2) For each of the three most recently completed plan years, the plan has received a combination of employer and employee contributions that in total are, rounded to the nearest whole percentage, 90% or greater of the plan's required contributions (defined to be the sum of the Annual Required Contribution as defined by GASB Statement 25 and any required employee contributions).
- 3) For at least three out of the last five completed plan years, the plan has received employer contributions that equal or exceed the plan's Annual Required Contribution as defined by GASB Statement 25.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
Police Retirement System
April 30, 2016

Changes in actuarial assumptions and methods – The following changes to the plan provisions were reflected in the valuations as listed below:

4/30/2013 Valuation:

- Reduction of the investment return assumption from 7.75% to 7.50%.
- Reduction of the assumed cost of living adjustment from 3.00% to 2.50%.
- Reduction of the general wage increase assumption from 4.00% to 3.75%.
- Modification of retirement rates to reflect the change in the benefit structure (years of creditable service increasing from 30 to 32), the change in the mandatory retirement policy of the Police Department (from 32 to 35 years of service), and to better reflect the actual, observed experience.
- Lowered termination rates.
- Adjusted the merit scale component of the salary scale to reflect the current pay scale.
- The amortization of the UAAL was changed to be a single base, recalculated each year and amortized as a level percentage of payroll over an open 30 year period.

4/30/2011 Valuation:

- The Board of Trustees adopted a change in the asset smoothing method and implemented it by resetting the actuarial value of assets equal to the market value of assets as of April 30, 2011. The new smoothing method recognizes the difference between the actual and expected return on the market value of assets evenly over a five-year period.

4/30/2008 Valuation:

- Changed the mortality table to the RP-2000 Table. Scale AA is used to project mortality improvements in future years.
- Adjusted the retirement rates to better fit observed experience.
- Increased the probability of disability for active members.
- Decreased the termination of employment rates.
- Changed from an age-based to a service-based salary increase assumption.
- Assume that all vested terminating members will elect a deferred benefit.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedules of Funding Progress
Year Ended April 30, 2016
(In thousands)

Other Postemployment Benefits						
	(a)	(b)	(b-a)		(a/b)	(c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll

City of Kansas City – Employee/Firefighter Other Postemployment Benefits

5/1/2010	\$ -	\$ 76,574	\$ 76,574	-%	\$ 205,882	37.19%
5/1/2012	-	105,013	105,013	-	221,197	47.47
5/1/2014	-	97,828	97,828	-	227,039	43.09

Board of Police Commissioners – Police/Civilian Other Postemployment Benefits

5/1/2010	\$ -	\$ 54,184	\$ 54,184	-%	\$ 116,611	46.47%
5/1/2012	-	55,129	55,129	-	113,136	48.73
5/1/2014	-	46,301	46,301	-	114,100	40.58

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedules of Condition Assessments and Maintenance Costs
Year Ended April 30, 2016
(In thousands)

Condition Assessment

Percentage in Good or Better Condition

	2016	2015	2014
Roadway system	21.29%	28.33%	40.64%
Bridges	81.01	80.72	75.86
Street lighting	98.46	97.40	96.40

Percentage in Fair Condition

	2016	2015	2014
Roadway system	12.92%	14.37%	16.74%
Bridges	15.01	14.78	18.82
Street lighting	—	—	—

Percentage in Substandard Condition

	2016	2015	2014
Roadway system	65.79%	57.30%	42.62%
Bridges	3.98	4.50	5.32
Street lighting	1.54	2.60	3.60

Overall Condition Level

	2016	2015	2014
Roadway system	58.27	69.10	69.59
Bridges	76.98	76.38	74.45
Street lighting	98.46	97.40	96.40

Estimated and Actual Costs to Maintain

	2016	2015	2014	2013	2012
Roadway system					
Estimated	\$ 214,690	\$ 130,919	\$ 98,033	\$ 105,405	\$ 101,454
Actual	<u>23,924</u>	<u>23,558</u>	<u>34,150</u>	<u>28,238</u>	<u>27,190</u>
Difference	<u>\$ (190,766)</u>	<u>\$ (107,361)</u>	<u>\$ (63,883)</u>	<u>\$ (77,167)</u>	<u>\$ (74,264)</u>
Bridges					
Estimated	\$ 36,402	\$ 36,886	\$ 24,304	\$ 12,600	\$ 8,577
Actual	<u>1,771</u>	<u>5,874</u>	<u>1,317</u>	<u>1,702</u>	<u>888</u>
Difference	<u>\$ (34,631)</u>	<u>\$ (31,012)</u>	<u>\$ (22,987)</u>	<u>\$ (10,898)</u>	<u>\$ (7,689)</u>
Street lighting					
Estimated	\$ 8,656	\$ 8,571	\$ 8,001	\$ 7,750	\$ 7,830
Actual	<u>6,110</u>	<u>5,905</u>	<u>6,172</u>	<u>5,903</u>	<u>5,273</u>
Difference	<u>\$ (2,546)</u>	<u>\$ (2,666)</u>	<u>\$ (1,829)</u>	<u>\$ (1,847)</u>	<u>\$ (2,557)</u>

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Schedules of Condition Assessments and Maintenance Costs
Year Ended April 30, 2016
(In thousands)

As allowed by GASB Statement No. 34, the City has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the City expenses maintenance costs and does not report depreciation expense.

In order to utilize this approach, the City is required to:

- Maintain an asset management system to include up-to-date inventory of eligible infrastructure assets
- Perform a condition assessment
- Estimate each year the amount to maintain and preserve the assets
- Document that the assets are being preserved approximately at, or above, the established condition level.

During Fiscal Year 2016 all street segments were laser scanned using the entire length and width of a segment to calculate the distress, severity and extent of the pavement condition. Previously, streets were visually inspected to estimate the distress, severity and extent of the pavement condition with the goal of rating all streets over a three-year period. The system calculates the Pavement Condition Index representing a value ranging from zero to 100. The City's intent is to retain an overall condition level value of not less than 60. The value of 60 represents a system that needs repairs and improvements. A rating of 90 to 100 would show an excellent condition, 80 to 89 a good condition, 70 to 79 a fair condition and below 70 a poor condition.

The condition of bridges is measured using the Federal Highway Administration Rating System. The federal system uses a measurement scale that is based on a condition index ranging from zero for a failed bridge to 100 for a bridge in perfect condition. The condition index is used to classify bridges and culverts in better (75 rating and up) or good condition (65 to 74), fair condition (45 to 64) and substandard condition (less than 45). It is the City's policy to maintain on average at least 75 percent of its bridge system at a good or better condition level. No more than 10 percent should be in the substandard condition. Condition assessments are determined every other year. All bridges are rated at least once every two years.

The condition of street lighting is measured using a system designed by the City. The system uses a measurement scale that is based on an assigned condition index to a streetlight of zero for failing or 100 for passing each measured factor and measures 16 different factors. The condition index is used to classify street lighting in better condition (90 and up), good condition (80 to 89), and substandard condition (less than 80). It is the City's policy to maintain an overall average of at least 90 percent condition rating (better condition rating) for the entire street light system. No more than 10 percent of the entire street lighting system should be below the better condition rating. Condition assessments are determined every year. Streetlights are selected for condition assessments systematically by a private contractor hired to assess and immediately repair all street lights inspected. The plan is to have 100 percent of all streetlights inspected, with corresponding repairs, every four years.

APPENDIX B

**DEFINITIONS OF WORDS AND TERMS AND
SUMMARIES OF CERTAIN LEGAL DOCUMENTS**

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APPENDIX B

DEFINITIONS OF WORDS AND TERMS AND SUMMARY OF CERTAIN LEGAL DOCUMENTS

SERIES 2017A AND SERIES 2017B INDENTURE

The following is a summary of certain provisions of the Trust Indenture, dated as of March 1, 2017 (referred to within this section summarizing such Indenture, as the “Indenture”), pursuant to which the Series 2017A Bonds and the Series 2017B Bonds (referred to collectively within this section as the “Series 2017 Bonds” or the “Bonds”) will be issued. The summary does not purport to be complete or comprehensive, and this summary is qualified in its entirety by reference to the Indenture, copies of which are available from the Issuer.

Definitions of Words and Terms. For all purposes of the Indenture, except as otherwise provided or unless the context otherwise requires, the following words and terms used in the Indenture shall have the following meanings:

“*Appropriated Moneys*” means moneys of the Issuer which have been annually appropriated by the Issuer to pay the principal of and interest due on the Bonds and other payments described in the Indenture.

“*Bondowner*,” “*Owner*,” “*Bondholder*” or “*Holder*” means, as of any time, the registered owner of any Series 2017 Bond as shown in the register kept by the Trustee as bond registrar.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement between the Issuer and the Original Purchaser of the Series 2017 Bonds.

“*Business Day*” means a day, other than a Saturday or Sunday, on which the Trustee and any Paying Agent shall be scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

“*Continuing Disclosure Undertaking*” means the Continuing Disclosure Undertaking dated as of March 1, 2017, of the Issuer, as from time to time amended in accordance with the provisions thereof.

“*Costs of Issuance*” means issuance costs with respect to the Series 2017 Bonds described in Section 147(g) of the Internal Revenue Code, including but not limited to the following:

- (a) underwriters’ spread (whether realized directly or derived through purchase of Bonds at a discount below the price at which they are expected to be sold to the public);
- (b) counsel fees (including bond counsel, underwriter’s counsel, disclosure counsel, Issuer’s counsel, as well as any other specialized counsel fees incurred in connection with the borrowing);
- (c) financial advisor fees of any financial advisor to the Issuer incurred in connection with the issuance of the Series 2017 Bonds;
- (d) rating agency fees;
- (e) trustee, escrow agent and paying agent fees;
- (f) accountant fees and other expenses related to issuance of the Series 2017 Bonds;
- (g) printing costs (for the Series 2017 Bonds and of the preliminary and final Official Statement relating to the Series 2017 Bonds); and
- (h) other fees and expenses of the Issuer incurred in connection with the issuance of the Series 2017 Bonds.

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

“*Debt Service Fund*” means individually or collectively, the Series 2017A Debt Service Fund and the Series 2017B Debt Service Fund.

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

“*Defeasance Obligations*” means:

- (a) Government Obligations which are not subject to redemption prior to maturity; or
- (b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations); or
- (c) Pre-refunded municipal obligations meeting the requirements of paragraph (g) of the definition of Permitted Investments; or
- (d) Obligations issued by the following agencies which are backed by the full faith and credit of the United States: (i) U.S. Export-Import Bank (Eximbank), Direct obligations or fully guaranteed certificates of beneficial ownership; (ii) Farmers Home Administration (FmHA), Certificates of beneficial ownership; (iii) Federal Financing Bank; (iv) General Services Administration, Participation certificates; (iv) U.S. Maritime Administration, Guaranteed Title XI financing; (v) U.S. Department of Housing and Urban Development (HUD), Project Notes, Local Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

“*Event of Default*” means any event of default as defined in the Indenture.

“*Event of Nonappropriation*” means failure of the Issuer to budget and appropriate on or before the last day of any Fiscal Year moneys sufficient to pay the debt service payments and additional amounts due under the Indenture and payable during the next Fiscal Year.

“*Fiscal Year*” means the Issuer’s fiscal year, which is currently May 1 to April 30, or as it may be hereinafter defined by the Issuer.

“*General City Project*” means a Project designated by the Issuer pursuant to the Indenture.

“*Government Obligations*” means 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.

“*Indenture*” means the Trust Indenture, dated as of March 1, 2017, between the Issuer and the Trustee, which authorizes the issuance of the Issuer’s Series 2017A Bonds and Series 2017B Bonds, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of the Indenture.

“*Internal Revenue Code*” means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) under the Indenture and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

“*Issuer*” means the City of Kansas City, Missouri, a constitutional charter city and political subdivision of the State of Missouri and its successors and assigns.

“*Issuer Representative*” means the City Manager, the Director of Finance, the City Treasurer or any such other person at the time designated to act on behalf of the Issuer as evidenced by a written certificate furnished by the Issuer to the Trustee containing the specimen signature of such person and signed on behalf of the Issuer by the Director of Finance. References to each Issuer Representative shall include any person designated as serving in an acting capacity. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Issuer Representative.

“*Linwood Cooperative Agreement*” means any Cooperative Agreement between the Issuer and the Tax Agreement Financing Commission of Kansas City, Missouri relating to the Linwood Project.

“*Linwood Debt Service Account*” means the account by that name created in the Series 2017A Debt Service Fund pursuant to the Indenture.

“*Linwood Debt Service Portion*,” upon the issuance of the Series 2017A Bonds, means that portion of the debt service on the Series 2017A Bonds allocable to the financing of the Linwood Project and related costs of issuance of the Series 2017A Bonds.

“*Linwood Project*” means certain public improvements described by the Linwood Shopping Center Tax Increment Financing Plan.

“*Linwood Project Account*” means the account by that name created in the Series 2017A Project Fund pursuant to the Indenture.

“*Linwood Project Portion*” means that portion of the Series 2017A Bonds that finances the Linwood Project.

“*Moody’s*” means Moody’s Investors Service, Inc., and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*Moody’s*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, by notice to the Trustee.

“*Officer’s Certificate*” means a written certificate in the form described in the Indenture of the Issuer signed by the Issuer Representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, the Issuer with respect to matters set forth therein.

“*Opinion of Co-Bond Counsel*” means a written opinion in the form described in the Indenture of any legal counsel acceptable to the Issuer and the Trustee who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

“*Opinion of Counsel*” means a written opinion in the form described in the Indenture of any legal counsel acceptable to the Trustee, who may be an employee of or counsel to the Trustee or the Issuer.

“*Outstanding*” means when used with respect to Series 2017 Bonds, as of the date of determination, all Series 2017 Bonds theretofore authenticated and delivered under the Indenture, except:

- (a) Series 2017 Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in the Indenture;
- (b) Series 2017 Bonds for whose payment or redemption money or Government Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the owners of such Series 2017 Bonds as provided in the Indenture, provided that, if such Series 2017 Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;
- (c) Series 2017 Bonds in exchange for or in lieu of which other Series 2017 Bonds have been authenticated and delivered under the Indenture; and
- (d) Series 2017 Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in the Indenture.

“*Participants*” means those financial institutions for which the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“*Paying Agent*” means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to the Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Series 2017 Bonds shall be payable.

“*Payment Date*” means any date on which the principal of or interest on any Series 2017 Bonds is payable.

“*Permitted Investments*” means any of the following securities, if and to the extent the same are at the time legal for investment of the moneys held in the funds and accounts listed in the Indenture:

1. United States Treasury Securities (Bills, Notes, Bonds and Strips).
2. United States Agency/GSE Securities. The Issuer may invest in obligations issued or guaranteed by any agency of the United States Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable market value that are described as follows:
 - (a) U.S. Government Agency Coupon and Zero Coupon Securities.
 - (b) U.S. Government Agency Discount Notes.
 - (c) U.S. Government Agency Callable Securities. Restricted to securities callable at par only.
 - (d) U.S. Government Agency Step-Up Securities. The coupon rate is fixed for an initial term. At the step-up date, the coupon rate rises to a new, higher fixed interest rate.
 - (e) U.S. Government Agency Floating Rate Securities. Restricted to coupons with no interim caps that reset at least quarterly and that float off of only one index.
 - (f) U.S. Government Agency/GSE Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than five (5) years when analyzed in a +300 basis point interest rate environment.
3. Repurchase Agreements. The Issuer may invest in contractual agreements between the Issuer and commercial banks or primary government securities dealers. The Securities Industry & Financial Markets Association’s (or any successor’s) guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement

transactions as more fully described in the Issuer's investment policy. All repurchase agreement transactions will be either physical delivery or tri-party.

4. Bankers' Acceptances. The Issuer may invest in bankers' acceptances issued by domestic commercial banks possessing the highest credit rating issued by Moody's or S&P.

5. Commercial Paper. The Issuer may invest in commercial paper issued by domestic corporations, which has received the highest short-term credit rating issued by Moody's or S&P. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars (\$500,000,000) and are not listed on Credit Watch with negative implications by any nationally recognized credit rating agency at the time of purchase.

6. Municipal Securities (State and Local Government Obligations). The Issuer may invest in municipal obligations that are issued in either tax-exempt or taxable form.

(a) Any full faith and credit obligations of the State of Missouri rated at least A or A2 by S&P or Moody's.

(b) Any full faith and credit obligations of any city, county or school district in the State of Missouri rated at least AA or Aa2 by S&P or Moody's.

(c) Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least A or A2 by S&P or Moody's.

(d) Any full faith and credit obligation of any state or territory of the United States of America rated at least AA or Aa2 by S&P or Moody's.

(e) Any full faith and credit obligations of any city, county or school district in any state or territory of the United States of America rated AAA or Aaa by S&P or Moody's.

(f) Any revenue bonds issued by the Missouri Department of Transportation rated at least AA or Aa2 by S&P or Moody's.

(g) Any municipal obligation that is pre-refunded or escrowed to maturity as to both principal and interest with escrow securities that are fully guaranteed by the United States Government, without regard to rating by S&P or Moody's.

7. Money Market Mutual Funds. Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, rated in either of the two highest categories by Moody's and S&P (in either case without regard to any modifier).

8. Other. Such other investments not described above that are allowed pursuant to Missouri law and approved in the Charter.

References to particular ratings and rating categories in this definition are applicable only at the time of purchase of the Permitted Investments.

"*Person*" means any natural person, firm, association, corporation, partnership, limited liability company, joint stock company, a joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

"*Rating Agency*" means Moody's or S&P or any other nationally recognized securities rating service.

"*Rebate Fund*" means the fund by that name created for the Series 2017B Bonds by the Indenture.

"*Record Date*" means the 15th day (whether or not a Business Day) of the calendar month next preceding the month in which an interest payment on any Bond is to be made.

"*Refunded Series 2014D Bonds*" means \$1,504,000 principal amount of the currently Outstanding Special Obligation Bond Anticipation Bonds (Streetcar System Expansion Project) Series 2014D of the Issuer.

“*Refunding Fund*” means the fund by that name created by the Indenture.

“*Replacement Bonds*” means Bonds issued to the beneficial owners of the Series 2017 Bonds in accordance with the Indenture.

“*Securities Depository*” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“*Series 2017 Bonds*” or the “*Bonds*” means, collectively, the Series 2017A Bonds and the Series 2017B Bonds.

“*Series 2017 Project Fund*” means the fund by that name created by the Indenture.

“*Series 2017A Bonds*” means the series of Taxable Special Obligation Bonds (Kansas City, Missouri, Projects), Series 2017A, aggregating the principal amount of \$31,925,000.

“*Series 2017A Costs of Issuance Account*” means the account by that name in the Costs of Issuance Fund established in the Indenture.

“*Series 2017A Debt Service Fund*” means the fund by that name created by the Indenture.

“*Series 2017A Project*” means the costs of any Series 2017A Project listed in the Indenture and, collectively, means the costs of certain capital improvements and other projects including, but not limited to the projects listed in the Indenture.

“*Series 2017A Projects Account*” means the account by that name created in the Series 2017 Project Fund pursuant to the Indenture.

“*Series 2017B Bonds*” means the series of Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B, aggregating the principal amount of \$19,420,000.

“*Series 2017B Costs of Issuance Account*” means the account by that name in the Costs of Issuance Fund established in the Indenture.

“*Series 2017B Debt Service Fund*” means the fund by that name created by the Indenture.

“*Series 2017B Project*” means the costs of any Series 2017B Project listed in the Indenture and, collectively, means the costs of certain capital improvements and other projects including, but not limited to the projects listed in the Indenture.

“*Series 2017B Projects Account*” means the account by that name created in the Series 2017 Project Fund pursuant to the Indenture.

“*S&P*” means S&P Global Ratings, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, S&P shall be deemed to refer to any other nationally recognized securities rating service designated by the Issuer, with notice to the Trustee.

“*Supplemental Indenture*” means any indenture supplemental or amendatory to the Indenture entered into by the Issuer and the Trustee pursuant to the Indenture.

“*Tax Compliance Agreement*” means the Tax Compliance Agreement between the Issuer and the Trustee relating to the Series 2017B Bonds.

“*Transaction Documents*” means the Indenture, the Series 2017 Bonds, the Official Statement relating to the Series 2017 Bonds, the Continuing Disclosure Undertaking, the Bond Purchase Agreement, the Tax Compliance Agreement and any and all other documents or instruments that evidence or are a part of the transactions referred to in the Indenture, or the Official Statement, or contemplated by the Indenture or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Transaction Documents” are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

Granting Clauses. Pursuant to the Indenture, the Issuer transfers in trust, pledges and assigns to the Trustee, and grants a security interest to the Trustee in, the property described in paragraphs (a), (b) and (c) below (said property referred to therein as the “Trust Estate”):

- (a) All Appropriated Moneys;
- (b) All moneys and securities (except moneys and securities held in the Rebate Fund) from time to time held by the Trustee under the terms of the Indenture; and
- (c) Any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture by the Issuer or by anyone in its behalf or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

Method and Place of Payment. The principal of, redemption premium, if any, and interest on the Series 2017 Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

The principal of and the redemption premium, if any, on all Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond register maintained by the Trustee at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the principal corporate trust office of the Trustee or of any Paying Agent named in the Series 2017 Bonds.

The interest payable on each Bond on any Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond register at the close of business on the Record Date for such interest, (a) by check or draft mailed to such registered owner at such owner’s address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such owner, or (b) at the written request addressed to the Trustee by any owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to such owner upon written notice to the Trustee from such owner containing the electronic transfer instructions (which shall be in the continental United States) to which such owner wishes to have such transfer directed and such written notice is given by such owner to the Trustee not less than 15 days prior to the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner’s account at such bank to which the payment is to be credited.

Interest on any Bond that is due and payable but not paid on the date due (“Defaulted Interest”) shall cease to be payable to the owner of such Bond on the relevant Record Date and shall be payable to the owner in whose name such Bond is registered at the close of business on a special record date (the

“Special Record Date”) for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the owners of the Bonds entitled to such Defaulted Interest. Following receipt of such funds, the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each owner of a Bond entitled to such notice at the address of such owner as it appears on the bond register not less than 10 days prior to such Special Record Date.

Subject to the foregoing provisions of this paragraph, each Bond delivered under the Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Creation and Ratification of Funds and Accounts. There are hereby created and ordered to be established and/or ratified in the custody of the Trustee the following special trust funds in the name of the Issuer to be designated as follows:

- (a) Costs of Issuance Fund, including a Series 2017A Costs of Issuance Account and a Series 2017B Costs of Issuance Account.
- (b) Series 2017A Debt Service Fund, and within such Fund a Series 2017A Capitalized Interest Account and a Linwood Debt Service Account.
- (c) Series 2017B Debt Service Fund.
- (d) Series 2017 Project Fund, including a Series 2017A Projects Account, a Linwood Project Account and a Series 2017B Projects Account.
- (e) Refunding Fund.
- (f) Rebate Fund for the Series 2017B Bonds.

The Trustee is authorized to establish separate accounts within such funds or otherwise segregate moneys within such funds, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient, or as the Trustee shall be instructed by the Issuer.

Costs of Issuance Fund. The moneys on deposit in the Series 2017A Costs of Issuance Account and the Series 2017B Costs of Issuance Account shall be disbursed by the Trustee from time to time, upon receipt of written disbursement requests of the Issuer signed by the Issuer Representative, in amounts equal to the amount of Costs of Issuance certified in such written requests. At such time as the Trustee is furnished with an Officer’s Certificate from the Issuer stating that all Costs of Issuance have been paid, and in any case not later than six months from the date of original issuance of the Series 2017 Bonds, unless waived by the Issuer, the Trustee shall transfer any moneys remaining in the applicable Costs of Issuance Account to the corresponding Project Fund, or, if directed by the Issuer, to the corresponding Debt Service Fund in such amount as directed by the Issuer.

Disbursements from the Series 2017A Projects Account and Linwood Project Account of the Project Fund.

(a) The Trustee is authorized and directed to make each disbursement from the Series 2017A Projects Account or Linwood Project Account of the Project Fund, upon submission of a disbursement request executed by the Issuer Representative.

(b) Moneys in the Series 2017A Projects Account and Linwood Project Account of the Project Fund may be invested as provided in the Indenture. The Trustee shall keep and maintain adequate records pertaining to the Series 2017A Projects Account and Linwood Project Account of the Project Fund and all receipts and disbursements therefrom, including records of all disbursement requests submitted pursuant to the Indenture.

(c) Upon completion in its entirety of each listed Series 2017A Project as set forth in the Indenture, the Issuer shall deliver to the Trustee within 90 days thereafter a Certificate of Completion. After a completion certificate has been filed with the Trustee, the Trustee shall, upon the written request of the Issuer, file an accounting thereof with the Issuer. At the written direction of the City, any amount remaining in the Series 2017A Projects Account of the Project Fund attributable to a completed Series 2017A Project, or any amount as otherwise directed by the City, shall be transferred to the Series 2017A Debt Service Fund and applied in the following order of priority: (1) to pay the next successive principal payment and accrued interest on the Series 2017A Bonds to become due and (2) to redeem Series 2017A Bonds at the earliest permissible date under the Indenture, provided that if any portion of the excess is attributable to amounts deposited into the Linwood Project Account such transferred funds shall be applied only to the Linwood Debt Service Portion deposited in the Linwood Debt Service Account of the Debt Service Fund. The Trustee shall be entitled to rely conclusively on the statements of fact and certifications contained in any disbursement request or completion certificate furnished to the Trustee under the Indenture.

If an event of default specified in the Indenture shall have occurred and the Bonds shall have been declared due and payable pursuant to the Indenture, any balance remaining in the Series 2017A Projects Account of the Project Fund shall without further authorization be deposited in the Series 2017A Debt Service Fund by the Trustee.

(d) Amounts deposited in the Linwood Project Account shall be used only to pay or reimburse costs of the Linwood Project. Any balance remaining in the Linwood Project Account upon the completion of the Linwood Project shall upon written instructions by the Issuer be transferred to the Linwood Debt Service Account in the Debt Service Fund and used to pay the Linwood Debt Service Portion of the Series 2017A Bonds.

(e) **Designation of Additional Series 2017A Projects.** The Issuer may designate an additional project identified as a General City Project to be financed in whole or in part with proceeds of the Series 2017A Bonds, provided that the Issuer and the Trustee shall have first received an Opinion of Co-Bond Counsel, in a form acceptable to the Trustee, that use of proceeds of the Series 2017A Bonds for such General City Project is permitted under the terms of the Indenture. The Issuer shall notify the Trustee of any such designation. Upon such designation by the Issuer, the Trustee is authorized and directed to make disbursements from the Series 2017A Projects Account to be applied to the cost of such General City Project pursuant to the provisions of this paragraph.

Disbursements from the Series 2017B Projects Account of the Project Fund.

(a) The Trustee is authorized and directed to make each disbursement from the Series 2017B Projects Account of the Project Fund, upon submission of a disbursement request executed by the Issuer Representative. The execution of any disbursement request by an Issuer Representative shall constitute an irrevocable determination that all conditions precedent to the payments requested have been completed.

(b) Moneys in the Series 2017B Projects Account of the Project Fund may be invested as provided in the Indenture. The Trustee shall keep and maintain adequate records pertaining to the Series 2017B Projects Account of the Project Fund and all receipts and disbursements therefrom, including records of all disbursement requests submitted pursuant to the Indenture. After each disbursement from the Series 2017B Projects Account, the Trustee shall furnish the City a monthly statement for such account reflecting such disbursement.

(c) Upon completion in its entirety of each listed Series 2017B Project as set forth in the Indenture, the Issuer shall deliver to the Trustee within 90 days thereafter a Certificate of Completion. After a completion certificate has been filed with the Trustee, the Trustee shall, upon the written request of the Issuer, file an accounting thereof with the Issuer. At the written direction of the City, any amount remaining in the Series 2017B Projects Account of the Project Fund attributable to a completed Series 2017B Project, or any amount as otherwise directed by the City, shall be transferred to the Series 2017B Debt Service Fund and applied in the following order of priority: (1) to pay the next successive principal payment and accrued interest on the Series 2017B Bonds to become due and (2) to redeem Series 2017B Bonds at the earliest permissible date under the Indenture. The Trustee shall be entitled to rely conclusively on the statements of fact and certifications contained in any disbursement request or completion certificate furnished to the Trustee under the Indenture. If an event of default specified in the Indenture shall have occurred and the Bonds shall have been declared due and payable pursuant to the Indenture, any balance remaining in the Series 2017B Projects Account of the Project Fund, other than amounts required to be transferred to the Rebate Fund pursuant to the Indenture, shall without further authorization be deposited in the Series 2017B Debt Service Fund by the Trustee.

(d) **Designation of Additional Series 2017B Projects.** The Issuer may designate an additional capital improvement identified as a General City Project to be financed in whole or in part with proceeds of the Series 2017B Bonds, provided that the Issuer and the Trustee shall have first received an Opinion of Co-Bond Counsel, in a form acceptable to the Trustee, that use of proceeds of the Series 2017B Bonds for such project is permitted under the terms of the Indenture and shall not adversely affect the exclusion of interest on the Series 2017B Bonds for federal income tax purposes. The Issuer shall notify the Trustee of any such designation. Upon such designation by the Issuer, the Trustee is authorized and directed to make disbursements from the Series 2017B Projects Account to be applied to the cost of such General City Project pursuant to the provisions of the Indenture.

Series 2017A Debt Service Fund. The Trustee shall deposit and credit to the Series 2017A Debt Service Fund, and as applicable to the Series 2017A Capitalized Interest Account therein, as and when received, as follows:

- (a) The amounts required to be deposited therein under the Indenture.
- (b) Interest earnings and other income on Permitted Investments required to be deposited in the Series 2017A Debt Service Fund pursuant to the Indenture.
- (c) All other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or any other Transaction Document, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Series 2017A Debt Service Fund. Amounts provided to the Trustee by the pursuant to the Linwood Cooperative Agreement shall be kept separate and apart from other funds deposited pursuant to the Indenture and shall be deposited in the Linwood Debt Service Account and used exclusively to pay the Linwood Debt Service Portion of the Series 2017A Bonds.

The moneys in the Series 2017A Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of the Indenture to pay the principal of and redemption premium, if any,

and interest on the Series 2017A Bonds as the same become due and payable. Except as otherwise provided, moneys in the Series 2017A Debt Service Fund shall be expended solely as follows: (i) to pay interest on the Series 2017A Bonds as the same becomes due; (ii) to pay principal of and accrued interest the Series 2017A Bonds as the same mature or become due and upon any mandatory sinking fund redemption thereof; and (iii) to pay principal of and accrued interest and redemption premium, if any, on the Series 2017A Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to maturity.

The Trustee is authorized and directed to withdraw sufficient funds from the Series 2017A Debt Service Fund to pay principal of, redemption premium, if any, and interest on the Series 2017A Bonds as the same become due and payable at maturity or upon redemption and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said principal, redemption premium, if any, and interest.

The Trustee, upon the written instructions from the Issuer, shall use excess moneys in the Series 2017A Debt Service Fund to redeem all or part of the Series 2017A Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the Issuer, in accordance with the provisions of the Indenture, to the extent said moneys are in excess of the amount required for payment of Series 2017A Bonds theretofore matured or called for redemption. The Issuer may cause such excess money in the Series 2017A Debt Service Fund or such part thereof or other moneys of the Issuer, as the Issuer may direct, to be applied by the Trustee on a best efforts basis to the extent practical for the purchase of Series 2017A Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of, redemption premium, if any, and interest on the Series 2017A Bonds (or after provision has been made for the payment thereof as provided in the Indenture), and the fees, charges and expenses of the Trustee, any Paying Agents and the Issuer, and any other amounts required to be paid under the Indenture, all amounts remaining in the Series 2017A Debt Service Fund shall be paid to the Issuer.

Series 2017B Debt Service Fund. The Trustee shall deposit and credit to the Series 2017B Debt Service Fund, as and when received, as follows:

- (a) The amounts required to be deposited therein under the Indenture.
- (b) Interest earnings and other income on Permitted Investments required to be deposited in the Series 2017B Debt Service Fund pursuant to the Indenture.
- (c) All other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or any other Transaction Document, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Series 2017B Debt Service Fund.

The moneys in the Series 2017B Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of the Indenture to pay the principal of and redemption premium, if any, and interest on the Series 2017B Bonds as the same become due and payable. Except as otherwise provided therein, moneys in the Series 2017B Debt Service Fund shall be expended solely as follows: (i) to pay interest on the Series 2017B Bonds as the same becomes due; (ii) to pay principal of the Series 2017B Bonds as the same mature or become due and upon any mandatory sinking fund redemption thereof; and (iii) to pay principal of and accrued interest and redemption premium, if any, on the Series 2017B Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to maturity.

The Trustee is authorized and directed to withdraw sufficient funds from the Series 2017B Debt Service Fund to pay principal of, redemption premium, if any, and interest on the Series 2017B Bonds as the same become due and payable at maturity or upon redemption and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said principal, redemption premium, if any, and interest.

The Trustee, upon the written instructions from the Issuer, shall use excess moneys in the Series 2017B Debt Service Fund to redeem all or part of the Series 2017B Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the Issuer, in accordance with the provisions of the Indenture, to the extent said moneys are in excess of the amount required for payment of Series 2017B Bonds theretofore matured or called for redemption. The Issuer may cause such excess money in the Series 2017B Debt Service Fund or such part thereof or other moneys of the Issuer, as the Issuer may direct, to be applied by the Trustee on a best efforts basis to the extent practical for the purchase of Series 2017B Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of, redemption premium, if any, and interest on the Series 2017B Bonds (or after provision has been made for the payment thereof as provided in the Indenture), and the fees, charges and expenses of the Trustee, any Paying Agents and the Issuer, and any other amounts required to be paid under the Indenture, all amounts remaining in the Series 2017B Debt Service Fund shall be paid to the Issuer.

Rebate Fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement and pursuant to the Indenture. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America or any expenses incurred in connection with the calculation of rebate, and neither the Issuer nor the owner of any Bonds shall have any rights in or claim to such money, except as provided in the Indenture. All amounts held in the Rebate Fund shall be governed by this paragraph and by the Tax Compliance Agreement (which is incorporated by reference).

Pursuant to the Tax Compliance Agreement, the Trustee shall remit all required rebate installments and a final rebate payment to the United States in accordance with the written direction of the Issuer. The Trustee shall not have any obligation to pay any amounts required to be rebated pursuant to this paragraph and the Tax Compliance Agreement, other than from moneys held in the Rebate Fund created under the Indenture as provided in the Indenture or from other moneys provided to it by the Issuer. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Series 2017B Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and paid to the Issuer.

Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Issuer to the owner thereof for the payment of such Bond, shall forthwith cease, terminate and be completely

discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust in a separate trust account, without liability for interest thereon, for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on such person's part under the Indenture or on or with respect to said Bond. If any Bond shall not be presented for payment within four years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the Issuer the funds theretofore held by it for payment of such Bond without liability for interest thereon, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Records and Reports of Trustee. The Trustee agrees to maintain such records with respect to any and all moneys or investments held by the Trustee pursuant to the provisions of the Indenture as are requested by the Issuer. The Trustee shall furnish to the Issuer, monthly on the tenth Business Day after the end of each calendar month, a report on the status of each of the funds and accounts established under the Indenture which are held by the Trustee, showing the balance in each such fund or account as of the first day of the preceding month, the total of deposits to and the total of disbursements from each such fund or account, the dates of such deposits and disbursements, and the balance in each such fund or account on the last day of the preceding month. The Trustee shall render an annual accounting for each Fiscal Year to the Issuer and any bondowner at the expense of such bondowner requesting the same, showing in reasonable detail all financial transactions relating to the Trust Estate during the accounting period, including investment earnings and the balance in any funds or accounts created by the Indenture as of the beginning and close of such accounting period.

Investment of Moneys. Moneys held in each of the funds and accounts under the Indenture shall, pursuant to written directions of the Issuer Representative, be invested and reinvested by the Trustee in accordance with the provisions of the Indenture and the Tax Compliance Agreement, in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. If the Issuer fails to provide written directions concerning investment of moneys held in the funds and accounts, the Trustee shall invest in such Permitted Investments specified in paragraph (7) of the definition of Permitted Investments, provided they mature or are subject to redemption prior to the date such funds will be needed. The Trustee may conclusively rely upon the written direction of the Issuer Representative as to the suitability and legality of any directed investment. The Trustee is specifically authorized to implement its automated cash investment system to invest cash and to charge its normal cash management fees, which may be deducted from earned income on investments. The Trustee may make any investments permitted by the provisions of this paragraph through its own bond department or short-term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes except moneys held in any fund or account that are required to be yield restricted in accordance with the Tax Compliance Agreement, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments (other than any amounts required to be deposited in the Rebate Fund pursuant to the Indenture) shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account. Investment earnings on amounts deposited under the Indenture allocable to a series of Bonds shall be transferred to the Debt Service Fund for such series of Bonds and used to pay debt service on such Bonds on the next Payment Date. After the Trustee has notice pursuant to the Indenture of the existence of an Event of Default, the Trustee shall direct the investment of moneys in the funds and accounts held under the Indenture. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments.

Limited Obligations. The Bonds and the interest thereon shall be special, limited obligations of the Issuer payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof and under certain circumstances from insurance proceeds and condemnation awards) solely out of Appropriated Moneys and moneys in the Funds and Accounts held by the Trustee under the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the Issuer within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the Issuer, but shall be payable solely from the funds provided for in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the Issuer to levy any form of taxation therefor or to make any appropriation for their payment.

Inspection of Books. The Issuer covenants and agrees that all books and documents in its possession relating to the Bonds and the Indenture, and the transactions relating thereto shall at all reasonable times be open to inspection by the Trustee and such accountants or other agencies as the Trustee may from time to time designate and the Trustee and its agents may take such memoranda from and in regard thereto as may be desired. The Trustee covenants and agrees that all books and documents in its possession relating to the Bonds and the Indenture, and the transactions relating thereto, including financial statements of the Issuer, shall be open to inspection by the Issuer during business hours upon reasonable notice.

Annual Appropriations. The Issuer intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to the Indenture, moneys sufficient to pay all the principal of and interest on the Bonds coming due in the next succeeding Fiscal Year. The Issuer shall deliver written notice to the Trustee no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the principal of and interest on the Bonds to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the principal of and interest on the Bonds to become due during such Fiscal Year, the failure of the Issuer to deliver the foregoing notice on or before the fifteenth 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 Issuer'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 principal of and interest on the Bonds to become due during such succeeding Fiscal Year, the failure of the Issuer to deliver the foregoing notice on or before the fifteenth 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 Issuer 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 Bonds are Outstanding, an appropriation for all payments of principal of and interest on the Bonds required for the ensuing Fiscal Year; it being the intention of the Issuer that the decision to appropriate or not to appropriate under the Indenture shall be made solely by the City Council and not by any other official of the Issuer. The Issuer intends, subject to the provisions above respecting the failure of the Issuer to budget or appropriate funds to make payments on the Bonds, to pay the debt service on the Bonds under the Indenture. The Issuer reasonably believes that legally available funds in an amount sufficient to make all payments of principal of and interest on the Bonds due during each Fiscal Year can be obtained. The Issuer further intends to do all things lawfully within its power to obtain and maintain funds from which payments of principal of and interest on the Bonds may be made, including making provision for such debt service payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the Issuer. Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the Issuer's normal procedures for such decisions.

Property Insurance. The City shall, under the City's customary insurance practices (which may include self-insurance) or otherwise, take such measures as may be necessary or appropriate in accordance with sound business practices to insure, or cause to be insured, the Series 2017 Projects funded with proceeds of the Series 2017 Bonds and the other projects funded with proceeds of the Series 2017 Bonds to the extent insurable against loss included in all risk insurance policies then in use in the State in an amount not less than the full replacement value of the Series 2017 Project and such other projects less the standard exclusions.

Events of Default. The term "Event of Default," wherever used in the Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on any Bond when such interest becomes due and payable;

(b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or

(c) default in the performance, or breach, of any covenant or agreement of the Issuer in the Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in this paragraph), and continuance of such default or breach for a period of 60 days after there has been given to the Issuer by the Trustee or to the Issuer and the Trustee by the owners of at least 10% in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an Event of Default if the Issuer shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch.

Acceleration of Maturity; Rescission and Annulment. If an Event of Default occurs and is continuing, the Trustee may, and shall at the direction of the owners of not less than 25% in principal amount of the Bonds Outstanding, by written notice to the Issuer, declare the principal of all Bonds Outstanding and the interest accrued thereon to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in the Indenture or the Bonds to the contrary notwithstanding.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in the Indenture, the Trustee or the owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if

(a) the Issuer has deposited with the Trustee a sum sufficient to pay

(i) all overdue installments of interest on all Bonds;

(ii) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in the Bonds;

(iii) interest upon overdue installments of interest at the rate prescribed therefor in the Bonds; and

(iv) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(b) all events of default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in the Indenture.

(c) No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Exercise of Remedies by the Trustee. Upon the occurrence and continuance of any Event of Default under the Indenture, unless the same is waived as provided in the Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under the Indenture or by law:

(a) ***Right to Bring Suit, Etc.*** The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under the Indenture, to realize on or to foreclose any of its interests or liens under the Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the Issuer as set forth in the Indenture and to enforce or preserve any other rights or interests of the Trustee under the Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.

(b) ***Exercise of Remedies at Direction of Bondowners.*** If requested in writing to do so by the owners of not less than 25% in principal amount of Bonds Outstanding and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by the Indenture as the Trustee shall deem most expedient in the interests of the bondowners.

(c) ***Appointment of Receiver.*** Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondowners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) ***Suits to Protect the Trust Estate.*** The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture and to protect its interests and the interests of the bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under the Indenture or be prejudicial to the interests of the bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the bondowners in any judicial proceeding to which the Issuer is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the bondowners.

(e) **Enforcement Without Possession of Bonds.** All rights of action under the Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of the Indenture, shall be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.

(f) **Restoration of Positions.** If the Trustee or any bondowner has instituted any proceeding to enforce any right or remedy under the Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such bondowner, then and in every case the Issuer and the bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Indenture, and thereafter all rights and remedies of the Trustee and the bondowners shall continue as though no such proceeding had been instituted.

Limitation on Suits by Bondowners. No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Indenture, unless

- (a) such owner has previously given written notice to the Trustee of a continuing Event of Default;
- (b) the owners of not less than 25% in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Indenture;
- (c) such owner or owners have offered to the Trustee indemnity as provided in the Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;
- (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other owners or to enforce any right under the Indenture, except in the manner therein provided and for the equal and ratable benefit of all Outstanding Bonds.

Notwithstanding the foregoing or any other provision in the Indenture, however, the owner of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the redemption date) and nothing contained in the Indenture shall affect or impair the right of any owner to institute suit for the enforcement of any such payment.

Control of Proceedings by Bondowners. The owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an Event of Default, provided indemnity has been provided to the Trustee in accordance with the Indenture:

- (a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Indenture, or otherwise; and
- (b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture; provided that
 - (i) such direction shall not be in conflict with any rule of law or the Indenture;
 - (i) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and
 - (ii) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction.

Application of Moneys Collected. Any moneys collected by the Trustee pursuant to the Indenture, together with any other sums then held by the Trustee as part of the Trust Estate (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys), shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

- (a) FIRST: To the payment of all undeducted amounts due the Trustee under the Indenture;
- (b) SECOND: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and
- (c) THIRD: To the payment of the remainder, if any, to the Issuer or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this paragraph, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be a Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, in accordance with the Indenture, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Delay or Omission Not Waiver. No delay or omission of the Trustee or of any owner of any Bond to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by the Indenture or by law to the Trustee or to the bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the bondowners, as the case may be.

Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in the Indenture, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Trustee and the Issuer, on behalf of the owners of all the Bonds waive any past default under the Indenture and its consequences, except a default

- (a) in the payment of the principal of (or premium, if any) or interest on any Bond; or
- (b) in respect of a covenant or provision hereof which under the Indenture cannot be modified or amended without the consent of the owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

Resignation and Removal of Trustee.

(a) The Trustee may resign at any time by giving written notice thereof to the Issuer and each owner of Bonds Outstanding as shown by the list of bondowners required by the Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) If the Trustee has or shall acquire any conflicting interest (as determined by the Trustee), it shall, within 90 days after ascertaining that it has a conflicting interest, or within 30 days after receiving written notice from the Issuer (so long as the Issuer is not in default under the Indenture) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in the Indenture.

(c) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Issuer and the Trustee signed by the owners of a majority in principal amount of the Outstanding Bonds, or, so long as the Issuer is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default under the Indenture, by the Issuer. The Issuer or any bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee. The Trustee may be removed at any time, for any breach of its obligations under the Indenture.

(d) If at any time:

(i) the Trustee shall fail to comply with subsection (b) after written request therefor by the Issuer or by any bondowner;

(ii) the Trustee shall cease to be eligible under the Indenture and shall fail to resign after written request therefor by the Issuer or by any such bondowner; or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (A) the Issuer may remove the Trustee, or (B) any bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) The Trustee shall give notice at the expense of the Issuer of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the registered owners of Bonds as their names and addresses appear in the bond register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

(f) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the Indenture shall become effective until the acceptance of appointment by the successor Trustee under the Indenture.

Appointment of Successor Trustee. If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the City (so long as no Event of Default under the Indenture has occurred and is continuing), or the owners of a majority in principal amount of Bonds Outstanding (if an Event of Default under the Indenture has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the City and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the City or the bondowners. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner therein provided, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner therein provided, any bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of this paragraph shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of the Indenture.

Acceptance of Appointment by Successor. Every successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to the City and to the retiring Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee and the duties and obligations of the retiring Trustee shall cease and terminate; but, on request of the City or the successor Trustee, such retiring Trustee shall, upon payment of its charges, fees, costs and expenses, including its agents and counsel, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts therein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee under the Indenture, subject nevertheless to its lien, if any, provided for in the Indenture. Upon request of any such successor Trustee, the City shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under the Indenture.

Merger, Consolidation and Succession to Business. Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee under the Indenture, provided such corporation or association shall be otherwise qualified and eligible under the Indenture, and shall be vested with all of the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act on the part of any of the parties to the Indenture. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Supplemental Indentures Without Consent of Bondowners. Without the consent of the owners of any Bonds, the Issuer and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

- (a) to correct or amplify the description of any property at any time subject to the lien of the Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property;
- (b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, as therein set forth, additional conditions, limitations and restrictions thereafter to be observed;
- (c) to evidence the appointment of a separate trustee or the succession of a new trustee under the Indenture;
- (d) to add to the covenants of the Issuer or to the rights, powers and remedies of the Trustee for the benefit of the owners of all Bonds or to surrender any right or power therein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision therein or to make any other change, with respect to matters or questions arising under the Indenture, which shall not be inconsistent with the provisions of the Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds (in making such determination the Trustee may rely conclusively upon an Opinion of Counsel); or
- (f) to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

Supplemental Indentures With Consent of Bondowners. With the consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the Issuer and the Trustee may enter into one or more Supplemental Indentures for the purpose

of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the owners of the Bonds under the Indenture; provided, however, that no such Supplemental Indenture 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, any Bond, 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, any Bond, 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);

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

(c) modify the obligation of the Issuer to make payment on or provide funds for the payment of any Bond;

(d) modify or alter the provisions of the exceptions to the definition of the term “Outstanding”;

(e) modify any of the provisions of the Indenture, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or

(f) permit the creation of any lien ranking prior to or on parity with the lien of the Indenture with respect to any of the Trust Estate or terminate the lien of the Indenture on any property at any time subject thereto or deprive the owner of any Bond of the security afforded by the lien of the Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered under the Indenture. The Trustee shall not be liable for any such determination made in good faith. In making such determination, the Trustee shall be entitled to receive and may rely conclusively upon an Opinion of Counsel.

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

Satisfaction and Discharge of Indenture. The Indenture and the lien, rights and interests created by the Indenture shall cease, terminate and become null and void (except as to any surviving rights pursuant to the Indenture) if the following conditions are met:

(a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of the Indenture;

(b) all other sums payable under the Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment;

(c) the Trustee receives an Opinion of Co-Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that so providing for the payment of any Series 2017B Bonds will not cause the interest on such Series 2017B Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture; and

(d) the Trustee receives an Opinion of Counsel to the effect that all conditions precedent in this paragraph to the satisfaction and discharge of the Indenture have been complied with.

Thereupon, the Trustee shall execute and deliver to the Issuer a termination statement and such instruments of satisfaction and discharge of the Indenture as may be necessary at the written request of the Issuer, and shall pay, assign, transfer and deliver to the Issuer, or other Persons entitled thereto, all moneys, securities and other property then held by it under the Indenture as a part of the Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee as therein provided for the payment of the principal of, premium, if any, and interest on the Bonds.

Rights Retained After Discharge. Notwithstanding the satisfaction and discharge of the Indenture, the rights of the Trustee under the Indenture shall survive, and the Trustee shall retain such rights, powers and duties under the Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided therein. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any Bond remaining unclaimed for four years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided therein, shall then be paid to the City without liability for interest thereon, and the owners of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the City for payment thereof and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease.

Acts of Bondowners. Any notice, request, demand, authorization, direction, consent, waiver or other action provided by the Indenture to be given or taken by bondowners may be embodied in and evidenced by one or more substantially concurrent instruments of similar tenor signed by such bondowners in person or by an agent duly appointed in writing. Except as therein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the City. Proof of execution of any such instrument or of a writing appointing any such agent, or of the ownership of Bonds other than the assignment of the ownership of a Bond, shall be sufficient for any purpose of the Indenture and conclusive in favor of the City and the Trustee, if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof, or by the affidavit of a witness of such execution. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of such person's authority.

(b) The fact and date of execution of any such instrument or writing and the authority of any Person executing the same may also be proved in any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this paragraph.

(c) The ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same, shall be proved by the bond register maintained by the Trustee.

In determining whether the owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Bonds registered on the bond register in the name of the City shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the City has identified in writing to the Trustee as being owned by the City or an affiliate thereof shall be so disregarded.

Any notice, request, demand, authorization, direction, consent, waiver or other action by the owner of any Bond shall bind every future owner of the same Bond and the owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the City in reliance thereon, whether or not notation of such action is made upon such Bond.

SERIES 2017C TRUST INDENTURE

The following is a summary of certain provisions of the Trust Indenture, dated as of March 1, 2017 (referred to within this section summarizing such Indenture, as the "Indenture"), pursuant to which the Series 2017C Bonds (referred to collectively within this section as the "Series 2017C Bonds" or the "Bonds") will be issued. The summary does not purport to be complete or comprehensive, and this summary is qualified in its entirety by reference to the Indenture, copies of which are available from the Issuer.

Definitions of Words and Terms. For all purposes of the Indenture, except as otherwise provided or unless the context otherwise requires, the following words and terms used in the Indenture shall have the following meanings:

"Additional Bonds" means any Additional Bonds, including refunding bonds, issued by the City pursuant to the Indenture.

"Appropriated Moneys" means moneys of the City which have been annually appropriated by the City or which are deposited to the Revenue Fund created under the Indenture and available to pay the principal of and interest due on the Bonds and other payments described in the Indenture.

"Authority" means The Industrial Development Authority of the City of Kansas City, Missouri.

"Bond Issuance Date," for the Series 2017C Bonds means March 23, 2017.

"Bondowner," "Owner," "Bondholder" or "Holder" means, as of any time, the registered owner of any Series 2017C Bond and any Additional Bonds issued under the Indenture as shown in the register kept by the Trustee as bond registrar.

"Bond Purchase Agreement" means the Bond Purchase Agreement between the City and the Original Purchaser of the Series 2017C Bonds.

"Bonds" has the meaning set forth under the definition of the Series 2017C Bonds and any Additional Bonds issued pursuant to the Indenture.

“*Business Day*” means a day, other than a Saturday or Sunday, on which the Trustee and any Paying Agent shall be scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

“*Cede & Co.*” means Cede & Co., as nominee of The Depository Trust Company, New York, New York.

“*City*” or “*Issuer*” means the City of Kansas City, Missouri.

“*City Revenue Account*” means the account by that name in the Revenue Fund created pursuant to the Indenture.

“*City Revenues*” means all moneys appropriated by the City other than TIF Revenues and Super TIF Revenues and deposited in the City Revenue Account of the Revenue Fund to be used to make Debt Service Payments.

“*Continuing Disclosure Undertaking*” means the Continuing Disclosure Undertaking dated as of March 1, 2017, of the Issuer, as from time to time amended in accordance with the provisions thereof.

“*Cooperative Agreements*” means (i) the Cooperative Agreement dated as of March 1, 2005 by and between the City and the TIF Commission, (ii) the Cooperative Agreement dated as of March 1, 2005, by and between the City and DESA, as supplemented by the First Supplement to Cooperative Agreement dated as of March 1, 2017, and (iii) the Intergovernmental Agreement dated as of August 26, 2008, by and between the City and the TDD.

“*Costs of Issuance*” means issuance costs with respect to the Series 2017C Bonds described in Section 147(g) of the Internal Revenue Code, including but not limited to the following:

- (a) underwriters’ spread (whether realized directly or derived through purchase of Bonds at a discount below the price at which they are expected to be sold to the public);
- (b) counsel fees (including bond counsel, underwriter’s counsel, disclosure counsel, City’s counsel, as well as any other specialized counsel fees incurred in connection with the borrowing);
- (c) financial advisor fees of any financial advisor to the City incurred in connection with the issuance of the Series 2017C Bonds;
- (d) rating agency fees;
- (e) trustee, escrow agent and paying agent fees;
- (f) accountant fees and other expenses related to issuance of the Series 2017C Bonds;
- (g) printing costs (for the Series 2017C Bonds and of the preliminary and final Official Statement relating to the Series 2017C Bonds); and
- (h) other fees and expenses of the City incurred in connection with the issuance of the Series 2017C Bonds.

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

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

“*Debt Service Payments*” means any payment of principal, redemption premium, if any, and interest on the Bonds.

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

“*Defeasance Obligations*” means:

- (a) Government Obligations which are not subject to redemption prior to maturity; or
- (b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations); or
- (c) Pre-refunded municipal obligations meeting the requirements of paragraph (g) of the definition of Permitted Investments; or
- (d) Obligations issued by the following agencies which are backed by the full faith and credit of the United States: (i) U.S. Export-Import Bank (Eximbank), Direct obligations or fully guaranteed certificates of beneficial ownership; (ii) Farmers Home Administration (FmHA), Certificates of beneficial ownership; (iii) Federal Financing Bank; (iv) General Services Administration, Participation certificates; (iv) U.S. Maritime Administration, Guaranteed Title XI financing; (v) U.S. Department of Housing and Urban Development (HUD), Project Notes, Local Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

“*Defeasance of Series 2005A Bonds*” means the defeasance of the Authority’s Series 2005A Bond effectuated through the issuance of the Series 2017C Bonds in accordance with the procedures set forth in the Refunded Bond Indenture.

“*DESA*” means the Downtown Economic Stimulus Authority of Kansas City, Missouri, established by the City pursuant to the DESA Act.

“*DESA Act*” means the Missouri Downtown and Rural Economic Stimulus Act, Sections 99.915 to 99.1060, Revised Statutes of Missouri, as amended.

“*DESA Plan*” means the South Loop Downtown Economic Stimulus Plan approved by the City Council of the City on July 1, 2004, by Committee Substitute for Ordinance No. 040722.

“*DESA Plan Costs*” means those Costs that are reimbursable from DESA Revenues pursuant to the DESA Act and the DESA Plan.

“*DESA Project Area*” means the area described as the Development Project Area from time to time in the DESA Plan.

“*DESA-Qualified Additional Bonds*” means any Additional Bonds issued to finance DESA Plan Costs.

“*DESA Representative*” means a Co-Chairman or the Vice Chairman of DESA, and such other person or persons at the time designated to act on behalf of DESA in matters relating to its Cooperative Agreement as evidenced by a written certificate furnished to the Issuer, the City, the Trustee, the Liquidity Facility and the Bond Insurer containing the specimen signature of such person or persons and signed on behalf of DESA by its Co-Chairman or Vice Chairman. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the DESA Representative.

“*DESA Revenue Account*” means the account by that name in the Revenue Fund created pursuant to the Indenture.

“*DESA Revenues*” means the State Sales Tax Increment or State Income Tax Increment (each as defined in the DESA Act) or the combination of the amount of each such increment, attributable to the Kansas City Downtown Redevelopment District Project, to the extent disburseable by the Department pursuant to the State Certificate, and pledged to the payment of principal of and interest on the Series 2005A Bonds and any DESA-Qualified Additional Bonds by DESA under its Cooperative Agreement and assigned to the Trustee pursuant to the Indenture.

“*DESA Special Allocation Fund*” means the fund established by the City pursuant to Section 99.957 RSMo.

“*Economic Activity Taxes*” mean fifty percent (50%) of the total additional revenue from taxes which are imposed by other taxing districts (as that term is defined in the TIF Act) and which taxes are generated by economic activities within the TIF Project Area over the amount of such taxes generated by economic activities within such TIF Project Area in the calendar year preceding the adoption of tax increment financing for the TIF Project Area, but excluding therefrom (i) personal property taxes, (ii) any taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, (iii) taxes levied pursuant to Section 70.500 R.S.Mo., (iv) taxes levied for public transportation pursuant to Section 94.660 R.S.Mo. and (v) licenses, fees or special assessments, other than payments in lieu of taxes, and penalties and interest thereon.

“*Electronic Notice*” means notice given by facsimile transmission or by telephone (promptly confirmed in writing).

“*Escrow Agent*” means UMB Bank, N.A., as Escrow Agent under the Escrow Trust Agreement.

“*Escrow Fund*” means the fund by that name created in the Escrow Trust Agreement.

“*Escrow Trust Agreement*” means the Escrow Trust Agreement dated as of March 1, 2017, by and between the City and the Escrow Agent relating to the Refunded Series 2005A Bonds.

“*Event of Default*” means any event of default as defined in the Indenture.

“*Event of Nonappropriation*” means failure of the City to budget and appropriate on or before the last day of any Fiscal Year moneys sufficient to pay the debt service payments and additional amounts due under the Indenture and payable during the next Fiscal Year.

“*Financing Documents*” means the Indenture, the Bonds, the Cooperative Agreements, the Purchase Contract, the Development Agreement, the Tax Compliance Agreement, any agreement relating to any bond insurance policy with respect to any Bonds, any agreement relating to any debt service reserve fund insurance policy or debt service reserve fund surety bond with respect to any Bonds, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Financing Documents” are used in the context of the authorization, execution, delivery, approval or performance of Financing Documents by a particular party, the same shall mean only those Financing Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

“*Fund*” means any of the Revenue Fund, including for each Series of Bonds a TIF Revenues Account and a City Revenue Account (and for the Series 2017C Bonds, a DESA Revenue Account and for the Series 2006B Portion of Debt Service, a TDD Revenues Account); the Project Fund containing separate

accounts for each applicable Series of Bonds; the Costs of Issuance Fund containing separate accounts for each Series of Bonds; the Bond Fund, including for each Series of Bonds a Bond Account and a Redemption Account; the Capitalized Interest Fund, containing separate accounts for each applicable Series of Bonds and the Rebate Fund.

“*Fiscal Year*” means the City’s fiscal year, which is currently May 1 to April 30, or as it may be hereinafter defined by the City.

“*Government Obligations*” means 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.

“*Indenture*” means the Trust Indenture, dated as of March 1, 2017, between the City and the Trustee, which authorizes the issuance of the City’s Series 2017C Bonds, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of the Indenture.

“*Internal Revenue Code*” means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) under the Indenture and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

“*Issuer*” means the City of Kansas City, Missouri, a constitutional charter city and political subdivision of the State of Missouri and its successors and assigns.

“*Issuer Representative*” means the City Manager, the Director of Finance, the City Treasurer or any such other person at the time designated to act on behalf of the City as evidenced by a written certificate furnished by the City to the Trustee containing the specimen signature of such person and signed on behalf of the City by the Director of Finance. References to each Issuer Representative shall include any person designated as serving in an acting capacity. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Issuer Representative.

“*Moody’s*” means Moody’s Investors Service, Inc., and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*Moody’s*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City, by notice to the Trustee.

“*Officer’s Certificate*” means a written certificate in the form described in the Indenture of the City signed by the Issuer Representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, the City with respect to matters set forth therein.

“*Opinion of Co-Bond Counsel*” means a written opinion in the form described in the Indenture of any legal counsel acceptable to the City and the Trustee who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

“*Opinion of Counsel*” means a written opinion in the form described in the Indenture of any legal counsel acceptable to the Trustee, who may be an employee of or counsel to the Trustee or the City.

“*Outstanding*” means when used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Indenture, except:

- (a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in the Indenture;
- (b) Bonds for whose payment or redemption money or Government Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the owners of such Bonds as provided in the Indenture, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture; and
- (d) Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in the Indenture.

“*Participants*” means those financial institutions for which the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“*Paying Agent*” means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to the Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

“*Payment Date*” means any date on which the principal of or interest on any Bonds is payable.

“*Payments in Lieu of Taxes*” or “*PILOTS*” means the revenues from real property taxes in the TIF Project Area, which revenues are to be used to reimburse Reimbursable Project Costs as defined in the TIF Plan, which taxing districts would have received had the City not adopted tax increment allocation financing within such area, and during the time the current equalized value of real property in the area selected for the redevelopment project exceeds the total initial equalized value of real property in such area until the designation is terminated pursuant to the TIF Plan.

“*Permitted Investments*” means any of the following securities, if and to the extent the same are at the time legal for investment of the moneys held in the funds and accounts listed in the Indenture:

1. United States Treasury Securities (Bills, Notes, Bonds and Strips).
2. United States Agency/GSE Securities. The City may invest in obligations issued or guaranteed by any agency of the United States Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable market value that are described as follows:
 - (a) U.S. Government Agency Coupon and Zero Coupon Securities.
 - (b) U.S. Government Agency Discount Notes.
 - (c) U.S. Government Agency Callable Securities. Restricted to securities callable at par only.
 - (d) U.S. Government Agency Step-Up Securities. The coupon rate is fixed for an initial term. At the step-up date, the coupon rate rises to a new, higher fixed interest rate.

(e) U.S. Government Agency Floating Rate Securities. Restricted to coupons with no interim caps that reset at least quarterly and that float off of only one index.

(f) U.S. Government Agency/GSE Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than five (5) years when analyzed in a +300 basis point interest rate environment.

3. Repurchase Agreements. The City may invest in contractual agreements between the City and commercial banks or primary government securities dealers. The Securities Industry & Financial Markets Association's (or any successor's) guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions as more fully described in the City's investment policy. All repurchase agreement transactions will be either physical delivery or tri-party.

4. Bankers' Acceptances. The City may invest in bankers' acceptances issued by domestic commercial banks possessing the highest credit rating issued by Moody's or Standard & Poor's.

5. Commercial Paper. The City may invest in commercial paper issued by domestic corporations, which has received the highest short-term credit rating issued by Moody's or Standard & Poor's. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars (\$500,000,000) and are not listed on Credit Watch with negative implications by any nationally recognized credit rating agency at the time of purchase.

6. Municipal Securities (State and Local Government Obligations). The City may invest in municipal obligations that are issued in either tax-exempt or taxable form.

(a) Any full faith and credit obligations of the State of Missouri rated at least A or A2 by Standard & Poor's or Moody's.

(b) Any full faith and credit obligations of any city, county or school district in the State of Missouri rated at least AA or Aa2 by Standard & Poor's or Moody's.

(c) Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least A or A2 by Standard & Poor's or Moody's.

(d) Any full faith and credit obligation of any state or territory of the United States of America rated at least AA or Aa2 by Standard & Poor's or Moody's.

(e) Any full faith and credit obligations of any city, county or school district in any state or territory of the United States of America rated AAA or Aaa by Standard & Poor's or Moody's.

(f) Any revenue bonds issued by the Missouri Department of Transportation rated at least AA or Aa2 by Standard & Poor's or Moody's.

(g) Any municipal obligation that is pre-refunded or escrowed to maturity as to both principal and interest with escrow securities that are fully guaranteed by the United States Government, without regard to rating by Standard & Poor's or Moody's.

7. Money Market Mutual Funds. Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, rated in either of the two highest categories by Moody's and Standard & Poor's (in either case without regard to any modifier).

8. Other. Such other investments not described above that are allowed pursuant to Missouri law and approved in the Charter.

References to particular ratings and rating categories in this definition are applicable only at the time of purchase of the Permitted Investments.

"Person" means any natural person, firm, association, corporation, partnership, limited liability company, joint stock company, a joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

“*Rating Agency*” means Moody’s or Standard & Poor’s or any other nationally recognized securities rating service.

“*Rebate Fund*” means the fund by that name created for the Bonds by the Indenture.

“*Record Date*” means the 15th day (whether or not a Business Day) of the calendar month next preceding the month in which an interest payment on any Bond is to be made.

“*Redeveloper*” means Kansas City Live, LLC, a Maryland limited liability company, together with its successors and assigns under the Development Agreement.

“*Redeveloper Representative*” means the authorized representative of the Redeveloper designated to act for the Redeveloper by written certificate furnished to the Trustee, containing the specimen signature of such person and signed on behalf of the Redeveloper by an authorized officer thereof.

“*Redevelopment Plans*” means collectively the TIF Plan and the DESA Plan.

“*Refunded Bonds*” means the currently Outstanding The Industrial Development Authority of the City of Kansas City, Missouri, Tax-Exempt Bonds (Kansas City Downtown Redevelopment District) Series 2005A in the principal amount of \$96,040,000 being advance refunded as set out in the Escrow Trust Agreement.

“*Refunded Bond Indenture*” means collectively the Amended and Restated Indenture, the Series Supplement, the Second Series Supplemental Indenture and the Third Supplemental Indenture (as such terms are defined in the recitals to the Indenture), each by and between the Authority and UMB Bank, N.A., as Trustee.

“*Replacement Bonds*” means Bonds issued to the beneficial owners of the Series 2017C Bonds in accordance with the Indenture.

“*Revenues*” means all TIF Revenues, Super TIF Revenues, DESA Revenues, TDD Revenues, City Revenues and any other amounts credited to the Revenue Fund established in the Indenture.

“*Securities Depository*” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“*Series 2005A Bonds*” means Authority’s Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A Bonds issued in the original aggregate principal amount of \$115,015,000, which after the Fixed Rate Conversion Date were designated Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A, and reissued in the aggregate principal amount of \$114,915,000.

“*Series 2006B Portion of Debt Service*” means, as of the date of the Indenture, the portion of debt service of the Authority’s Series 2011A Bonds attributable to the refunding of the Series 2006B Bonds, and the portion of debt service of any bonds hereafter issued by the City to refund such portion of the Authority’s Series 2011A Bonds.

“*Series 2011A Bonds*” means the Authority’s Tax-Exempt Refunding Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2011A.

“*Series 2017C Bonds*” means the series of Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), Series 2017C, aggregating the principal amount of \$90,000,000.

“*Series 2017C Costs of Issuance Account*” means the account by that name in the Costs of Issuance Fund established in the Indenture.

“*Series 2017C Bond Fund*” means the fund by that name created by the Indenture.

“*Standard & Poor’s*” means Standard & Poor’s Ratings Services, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, Standard & Poor’s shall be deemed to refer to any other nationally recognized securities rating service designated by the City, with notice to the Trustee.

“*State*” means the State of Missouri.

“*State Certificate*” means the Certificate dated as of December 31, 2004, issued by the Department pursuant to Section 99.960, RSMo, approving and authorizing the disbursement of funds in the State Supplemental Downtown Development Fund for deposit into the DESA Special Allocation Fund.

“*State Supplemental Downtown Development Fund*” means the fund by that name to be administered by the Missouri Department of Economic Development pursuant to Section 99.963 RSMo.

“*Super TIF Revenues*” means an amount equal to the 50% of the City’s sales tax revenue and earnings tax revenue attributable to economic activity or earned in the TIF Project Area and which does not constitute economic activity taxes under the TIF Act, which may be appropriated on an annual basis by the City, to be made available for payment of debt service on the Series 2017C Bonds.

“*Supplemental Indenture*” means any indenture supplemental or amendatory to the Indenture entered into by the City and the Trustee pursuant to the Indenture.

“*Tax Compliance Agreement*” means the Tax Compliance Agreement between the City and the Trustee relating to the Series 2017C Bonds.

“*TDD-Qualified Additional Bonds*” means any Additional Bonds issued to finance eligible project under the Missouri Transportation Development District Act.

“*TDD Revenues*” means any sales tax revenues generated within the TDD established to finance a portion of the Series 2006B Project.

“*TDD Revenues Account*” means the account by that name created by the Indenture.

“*TIF Act*” means the Real Property Tax Increment Financing Allocation Act, Sections 99.800 to 99.865, inclusive, of the Revised Statutes of Missouri, as amended.

“*TIF Commission*” means the Tax Increment Financing Commission of Kansas City, Missouri.

“*TIF Plan*” means the 1200 Main/South Loop Tax Increment Redevelopment Plan approved by the City Council of the City on March 4, 2004, by Ordinance No. 040154.

“*TIF Plan Costs*” means those Costs that are reimbursable from TIF Revenues pursuant to the TIF Act and the TIF Plan.

“*TIF Project Area*” means the area described as the Redevelopment Project Area 1 in the TIF Plan.

“*TIF Representative*” means the Chairman, President or the Vice President of the TIF Commission, and such other person or persons at the time designated to act on behalf of the TIF Commission in matters relating to its Cooperative Agreement as evidenced by a written certificate furnished to the Issuer, the City and the Trustee containing the specimen signature of such person or persons and signed on behalf of the TIF Commission by its Chairman or Vice Chairman. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the TIF Representative.

“*TIF Revenue Account*” means the account by that name created in the Revenue Fund pursuant to the Indenture.

“*TIF Revenues*” means the Payments in Lieu of Taxes and the appropriated Economic Activity Taxes, and all proceeds thereof.

“*TIF Special Allocation Fund*” means the fund established by the City pursuant to Section 99.845, RSMo.

“*Transportation Development District*” or “*TDD*” means the 1200 Main/South Loop Transportation Development District, created by order of the Circuit Court of Jackson County, Missouri on December 12, 2006.

“*Transaction Documents*” means the Indenture, the Series 2017C Bonds, the Escrow Trust Agreement, the Official Statement relating to the Series 2017C Bonds, the Continuing Disclosure Undertaking, the Bond Purchase Agreement, the Tax Compliance Agreement and any and all other documents or instruments that evidence or are a part of the transactions referred to in the Indenture, or the Official Statement, or contemplated by the Indenture or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Transaction Documents” are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

Granting Clauses. Pursuant to the Indenture, the City transfers in trust, pledges and assigns to the Trustee, and grants a security interest to the Trustee in, the property described in paragraphs (a), (b) and (c) below (said property referred to therein as the “Trust Estate”):

- (a) All Appropriated Moneys;
- (b) All moneys and securities (except moneys and securities held in the Rebate Fund) from time to time held by the Trustee under the terms of the Indenture; and
- (c) Any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture by the City or by anyone in its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

Method and Place of Payment. The principal of, redemption premium, if any, and interest on the Series 2017C Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

The principal of and the redemption premium, if any, on all Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond register maintained by the Trustee at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the principal corporate trust office of the Trustee or of any Paying Agent named in the Series 2017C Bonds.

The interest payable on each Bond on any Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond register at the close of business on the Record Date for such interest, (a) by check or draft mailed to such registered owner at such owner's address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such owner, or (b) at the written request addressed to the Trustee by any owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to such owner upon written notice to the Trustee from such owner containing the electronic transfer instructions (which shall be in the continental United States) to which such owner wishes to have such transfer directed and such written notice is given by such owner to the Trustee not less than 15 days prior to the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Interest on any Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the owner of such Bond on the relevant Record Date and shall be payable to the owner in whose name such Bond is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The City shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the owners of the Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds, the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each owner of a Bond entitled to such notice at the address of such owner as it appears on the bond register not less than 10 days prior to such Special Record Date.

Subject to the foregoing provisions of this paragraph, each Bond delivered under the Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Additional Bonds. Additional Bonds may be issued under and equally and ratably secured by the Indenture on a parity with any or all series of Bonds, provided however, that DESA Revenues are to be used only for repayment of DESA-Qualified Additional Bonds and TDD Revenues are to be used only for repayment of TDD-Qualified Additional Bonds. Except as otherwise provided in this paragraph, such Additional Bonds may be issued only at the written direction of the City at any time and from time to time, upon compliance with the conditions set forth in this paragraph for any purpose authorized under the Act.

So long as no event has occurred and is continuing which, with the passage of time or otherwise, would become an Event of Default under the Indenture (unless such Additional Bonds are Refunding Bonds

or are being issued to cure such event), Additional Bonds may be issued under and equally and ratably secured by the Indenture on a parity with the Series 2017C Bonds and any other outstanding Additional Bonds, at any time and from time to time upon compliance with the conditions provided in this paragraph, for the purpose of (i) paying the Costs of completing the Project, such cost to be evidenced by a certificate signed by an Issuer Representative, or (ii) refunding all or any portion of the Authority's Tax-Exempt Refunding Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2011A. Additional Bonds may also be issued for the purpose of providing funds for refunding all or any part of the Bonds issued to finance a portion of the Kansas City Downtown Redevelopment District project, including the payment of any redemption premium thereon and interest to accrue to the designated Redemption Date and any expenses in connection with such refunding.

1. Before any Additional Bonds shall be issued, the City shall adopt an ordinance authorizing the issuance of such Additional Bonds, fixing the amount and terms thereof and describing the purpose or purposes for which such Additional Bonds are being issued, authorizing the City to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds, and, if necessary, authorizing the City to enter a Cooperative Agreement or other security instruments, to provide for the use of the proceeds of such Additional Bonds and payments at least sufficient to pay the principal of, and redemption premium, if any, and interest on, the Bonds then to be Outstanding as the same become due and such other matters as are appropriate because of the issuance of such Additional Bonds.

2. Such Additional Bonds shall have the same designation as the Series 2017C Bonds, except for an identifying Series letter or date and except, if appropriate, for the substitution of the word "Refunding" in lieu of "Improvement" in the case of Refunding Bonds, shall be numbered, shall bear interest at such rate or rates not exceeding the maximum rate then permitted by law, shall be stated to mature and shall be redeemable at such times and prices (subject to the Indenture), all as may be provided by the Supplemental Indenture authorizing such Additional Bonds. Except as to any difference in the Dated Date, the Stated Maturities, the rate or rates of interest or the provisions for redemption, such Additional Bonds shall be entitled to the same benefit and security of the Indenture as the Series 2017C Bonds. No Refunding Bonds shall be issued to refund all or a portion of Bonds Outstanding, unless such Outstanding Bonds shall be deemed defeased under the Indenture upon completion of such refunding and the total debt service due shall be no greater than such total debt service that would have been due without the refunding of such Outstanding Bonds.

To be designated as DESA-Qualified Additional Bonds, the proceeds of Additional Bonds authorized pursuant to this paragraph must be used to finance DESA Plan Costs and to be designated as TDD-Qualified Additional Bonds, the proceeds of Additional Bonds must be used to finance eligible project under the Missouri Transportation District Development Act.

Nothing in the Indenture shall prohibit the City from issuing bonds for any permissible purpose under separate indentures of trust.

Creation of Funds and Accounts. There are hereby created and ordered to be established in the custody of the Trustee the following special trust funds in the name of the City to be designated as follows:

- (a) Costs of Issuance Fund, including a Series 2017C Costs of Issuance Account,
- (b) Series 2017C Bond Fund,
- (c) Refunding Fund, including a Series 2017C Refunding Account;
- (d) Revenue Fund and within such fund separate and segregated trust accounts designed as the "TIF Revenues Account," "City Revenue Account," the "DESA Revenue Account," the "TDD Revenues Account,;" and
- (e) Rebate Fund, including a Series 2017C Rebate Account.

In addition the Escrow Fund shall be established with the Escrow Agent pursuant to the Escrow Trust Agreement.

Additional accounts may be established under Section 401(a) to (d) for any additional series of Bonds issued by Supplemental Indenture. The Trustee is authorized to establish separate accounts within such funds or otherwise segregate moneys within such funds, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient, or as the Trustee shall be instructed by the City or

Costs of Issuance Fund. The moneys on deposit in the Series 2017C Costs of Issuance Fund shall be disbursed by the Trustee from time to time, upon receipt of written disbursement requests of the City in substantially the form attached to the Indenture and signed by the Issuer Representative, in amounts equal to the amount of Costs of Issuance certified in such written requests. At such time as the Trustee is furnished with an Officer's Certificate from the City stating that all Costs of Issuance have been paid, and in any case not later than six months from the date of original issuance of the Series 2017C Bonds, unless waived by the City, the Trustee shall transfer any moneys remaining in the Costs of Issuance Fund to the Bond Fund. The execution of any disbursement request by an Issuer Representative shall constitute an irrevocable determination that all conditions precedent to the payments requested have been completed.

Bond Fund

(a) Moneys on deposit in the respective Bond Account of the Bond Fund shall be used (i) to pay when due interest on the applicable series of Bonds, (ii) to pay when due the principal of and premium, if any, on the applicable series of Bonds. The following shall be deposited in the respective Bond Account of the Bond Fund and (iii) to pay when due the principal of and interest on the applicable series of Bonds:

(i) Revenues transferred from the Revenue Fund pursuant to the Indenture shall be deposited into the respective Bond Account of the Bond Fund in the amounts required to pay the principal of and premium, if any, and interest next coming due on the respective Series of Bonds and the Regularly Scheduled Payments on the applicable Related Bonds.

(ii) Sums for the redemption of any Bonds as described in the Indenture shall be deposited into the respective Bond Account of the Bond Fund and shall be applied to make such redemptions.

(iii) Interest and other income derived from the investment of funds on deposit in the respective Bond Account of the Bond Fund.

(iv) All other moneys received by the Trustee pursuant to which the Trustee is directed to deposit the same in the respective Bond Account.

(b) Moneys deposited to the Redemption Account for any Series of Bonds shall be accumulated therein until such amounts exceed \$50,000 at which time the Trustee shall redeem Bonds of the applicable Series pursuant to the Indenture.

Rebate Fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement and pursuant to the Indenture. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America or any expenses incurred in connection with the calculation of rebate, and neither the City nor the owner of any Bonds shall have any rights in or claim to such money, except as provided in the Indenture. All amounts held in the Rebate Fund shall be governed by this paragraph and by the Tax Compliance Agreement (which is incorporated therein by reference).

Pursuant to the Tax Compliance Agreement, the Trustee shall remit all required rebate installments and a final rebate payment to the United States in accordance with the written direction of the Issuer. The Trustee shall not have any obligation to pay any amounts required to be rebated pursuant to this paragraph and the Tax Compliance Agreement, other than from moneys held in the Rebate Fund created under the Indenture as provided in the Indenture or from other moneys provided to it by the City. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Tax-Exempt Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and paid to the City.

The obligation to pay arbitrage rebate to the United States and to comply with all other requirements of this paragraph and the Tax Compliance Agreement shall survive the defeasance or payment in full of the Tax-Exempt Bonds until all rebatable arbitrage shall have been paid.

Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the City to the owner thereof for the payment of such Bond, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust in a separate trust account, without liability for interest thereon, for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on such person's part under the Indenture or on or with respect to said Bond. If any Bond shall not be presented for payment within four years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the City the funds theretofore held by it for payment of such Bond without liability for interest thereon, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Records and Reports of Trustee. The Trustee agrees to maintain such records with respect to any and all moneys or investments held by the Trustee pursuant to the provisions of the Indenture as are requested by the City. The Trustee shall furnish to the City, monthly on the tenth Business Day after the end of each calendar month, a report on the status of each of the funds and accounts established under the Indenture which are held by the Trustee, showing the balance in each such fund or account as of the first day of the preceding month, the total of deposits to and the total of disbursements from each such fund or account, the dates of such deposits and disbursements, and the balance in each such fund or account on the last day of the preceding month. The Trustee shall render an annual accounting for each Fiscal Year to the City and any bondowner at the expense of such bondowner requesting the same, showing in reasonable detail all financial transactions relating to the Trust Estate during the accounting period, including investment earnings and the balance in any funds or accounts created by the Indenture as of the beginning and close of such accounting period.

Investment of Moneys. Moneys held in each of the funds and accounts under the Indenture shall, pursuant to written directions of the Issuer Representative, be invested and reinvested by the Trustee in accordance with the provisions of the Indenture and the Tax Compliance Agreement, in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds

are expected to be needed. If the City fails to provide written directions concerning investment of moneys held in the funds and accounts, the Trustee shall invest in such Permitted Investments specified in paragraph (7) of the definition of Permitted Investments, provided they mature or are subject to redemption prior to the date such funds will be needed. The Trustee may conclusively rely upon the written direction of the Issuer Representative as to the suitability and legality of any directed investment. The Trustee is specifically authorized to implement its automated cash investment system to invest cash and to charge its normal cash management fees, which may be deducted from earned income on investments. The Trustee may make any investments permitted by the provisions of this paragraph through its own bond department or short-term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes except moneys held in any fund or account that are required to be yield restricted in accordance with the Tax Compliance Agreement, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments (other than any amounts required to be deposited in the Series 2017C Rebate Fund pursuant to the Indenture) shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account. Investment earnings on amounts deposited under the Indenture allocable to a series of Bonds shall be transferred to the Bond Fund for such series of Bonds and used to pay debt service on such Bonds on the next Payment Date. After the Trustee has notice, pursuant to the Indenture, of the existence of an Event of Default, the Trustee shall direct the investment of moneys in the funds and accounts held under the Indenture. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments.

Limited Obligations. The Bonds and the interest thereon shall be special, limited obligations of the City payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof and under certain circumstances from insurance proceeds and condemnation awards) solely out of Appropriated Moneys and moneys in the Funds and Accounts held by the Trustee under the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the City within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the City, but shall be payable solely from the funds provided for in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City to levy any form of taxation therefor or to make any appropriation for their payment.

Inspection of Books. The City covenants and agrees that all books and documents in its possession relating to the Bonds and the Indenture, and the transactions relating thereto shall at all reasonable times be open to inspection by the Trustee and such accountants or other agencies as the Trustee may from time to time designate and the Trustee and its agents may take such memoranda from and in regard thereto as may be desired. The Trustee covenants and agrees that all books and documents in its possession relating to the Bonds and the Indenture, and the transactions relating thereto, including financial statements of the City, shall be open to inspection by the City during business hours upon reasonable notice.

Annual Appropriations. The City intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to the Indenture, moneys sufficient to pay all the principal of and interest on the Bonds coming due in 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 principal of and interest on the Bonds to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the principal of and interest on the Bonds to become due during such Fiscal Year, the

failure of the City to deliver the foregoing notice on or before the fifteenth 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 principal of and interest on the Bonds to become due during such succeeding Fiscal Year, the failure of the City to deliver the foregoing notice on or before the fifteenth 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 Bonds are Outstanding, an appropriation for all payments of principal of and interest on the Bonds required for the ensuing Fiscal Year; it being the intention of the City that the decision to appropriate or not to appropriate under the Indenture 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 payments on the Bonds, to pay the debt service on the Bonds under the Indenture. The City reasonably believes that legally available funds in an amount sufficient to make all payments of principal of and interest on the Bonds due 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 payments of principal of and interest on the Bonds may be made, including making provision for such debt service payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the City. 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.

Events of Default. The term "Event of Default," wherever used in the Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on any Bond when such interest becomes due and payable;

(b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or

(c) default in the performance, or breach, of any covenant or agreement of the City in the Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in this paragraph), and continuance of such default or breach for a period of 60 days after there has been given to the City by the Trustee or to the City and the Trustee by the owners of at least 10% in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an Event of Default if the City shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch.

Acceleration of Maturity; Rescission and Annulment. If an Event of Default occurs and is continuing, the Trustee may, and shall at the direction of the owners of not less than 25% in principal amount of the Bonds Outstanding, by written notice to the City, declare the principal of all Bonds Outstanding and the interest accrued thereon to be immediately due and payable, whereupon that portion

of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in the Indenture or the Bonds to the contrary notwithstanding.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in the Indenture, the Trustee or the owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the City and the Trustee, rescind and annul such declaration and its consequences if

- (a) the City has deposited with the Trustee a sum sufficient to pay
 - (i) all overdue installments of interest on all Bonds;
 - (ii) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in the Bonds;
 - (iii) interest upon overdue installments of interest at the rate prescribed therefor in the Bonds; and
 - (iv) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and
- (b) all events of default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in the Indenture.
- (c) No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Exercise of Remedies by the Trustee. Upon the occurrence and continuance of any Event of Default under the Indenture, unless the same is waived as provided in the Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under the Indenture or by law:

- (a) ***Right to Bring Suit, Etc.*** The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under the Indenture, to realize on or to foreclose any of its interests or liens under the Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the City as set forth in the Indenture and to enforce or preserve any other rights or interests of the Trustee under the Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.
- (b) ***Exercise of Remedies at Direction of Bondowners.*** If requested in writing to do so by the owners of not less than 25% in principal amount of Bonds Outstanding and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by the Indenture as the Trustee shall deem most expedient in the interests of the bondowners.

(c) ***Appointment of Receiver.*** Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondowners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) ***Suits to Protect the Trust Estate.*** The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture and to protect its interests and the interests of the bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under the Indenture or be prejudicial to the interests of the bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the bondowners in any judicial proceeding to which the City is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the bondowners.

(e) ***Enforcement Without Possession of Bonds.*** All rights of action under the Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of the Indenture, shall be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.

(f) ***Restoration of Positions.*** If the Trustee or any bondowner has instituted any proceeding to enforce any right or remedy under the Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such bondowner, then and in every case the City and the bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Indenture, and thereafter all rights and remedies of the Trustee and the bondowners shall continue as though no such proceeding had been instituted.

Limitation on Suits by Bondowners. No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Indenture, unless

(a) such owner has previously given written notice to the Trustee of a continuing Event of Default;

(b) the owners of not less than 25% in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Indenture;

(c) such owner or owners have offered to the Trustee indemnity as provided in the Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(c) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other owners or to enforce any right under the Indenture, except in the manner therein provided and for the equal and ratable benefit of all Outstanding Bonds.

Notwithstanding the foregoing or any other provision in the Indenture, however, the owner of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the redemption date) and nothing contained in the Indenture shall affect or impair the right of any owner to institute suit for the enforcement of any such payment.

Control of Proceedings by Bondowners. The owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an Event of Default, provided indemnity has been provided to the Trustee in accordance with the Indenture:

(a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Indenture, or otherwise; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture; provided that

(i) such direction shall not be in conflict with any rule of law or the Indenture;

(ii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

(iii) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction.

Application of Moneys Collected. Any moneys collected by the Trustee pursuant to the Indenture, together with any other sums then held by the Trustee as part of the Trust Estate (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys), shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) FIRST: To the payment of all undeducted amounts due the Trustee under the Indenture;

(b) SECOND: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds

shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and

(c) **THIRD:** To the payment of the remainder, if any, to the City or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this paragraph, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be a Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, in accordance with the Indenture, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Rights and Remedies Cumulative. No right or remedy therein conferred upon or reserved to the Trustee or to the bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy under the Indenture, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Delay or Omission Not Waiver. No delay or omission of the Trustee or of any owner of any Bond to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by the Indenture or by law to the Trustee or to the bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the bondowners, as the case may be.

Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in the Indenture, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Trustee and the City, on behalf of the owners of all the Bonds waive any past default under the Indenture and its consequences, except a default

- (a) in the payment of the principal of (or premium, if any) or interest on any Bond; or
- (b) in respect of a covenant or provision of the Indenture which under the Indenture cannot be modified or amended without the consent of the owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

Notice of Defaults. The Trustee shall not be required to take notice or be deemed to have notice of any default under the Indenture except failure by the City to cause to be made any of the payments to the Trustee required to be made by the Indenture, unless the Trustee shall be specifically notified in writing of such default by the City or the owners of at least 10% in principal amount of all Bonds Outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within 30 days after the Trustee has received notice of any Event of Default or the occurrence

of any Event of Default under the Indenture of which the Trustee is deemed to have notice, the Trustee shall give written notice of such Event of Default by mail to all owners of Bonds as shown on the bond register maintained by the Trustee, unless such Event of Default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bond, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the bondowners. For the purpose of this paragraph, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default as defined in the Indenture.

Resignation and Removal of Trustee.

(a) The Trustee may resign at any time by giving written notice thereof to the City and each Owner of Bonds Outstanding as shown by the list of bondowners required by the Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) If the Trustee has or shall acquire any conflicting interest (as determined by the Trustee), it shall, within 90 days after ascertaining that it has a conflicting interest, or within 30 days after receiving written notice from the City (so long as the City is not in default under the Indenture) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in subsection (a).

(c) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the City and the Trustee signed by the Owners of a majority in principal amount of the Outstanding Bonds, or, so long as the City is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default under the Indenture, by the City. The City or any bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee. The Trustee may be removed at any time, for any breach of its obligations under the Indenture.

(d) If at any time:

(i) the Trustee shall fail to comply with subsection (b) after written request therefor by the City or by any bondowner;

(ii) the Trustee shall cease to be eligible under the Indenture and shall fail to resign after written request therefor by the City or by any such bondowner; or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (A) the City may remove the Trustee, or (B) any bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) The Trustee shall give notice at the expense of the City of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice

of such event by first-class mail, postage prepaid, to the registered owners of Bonds as their names and addresses appear in the bond register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

(f) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the Indenture shall become effective until the acceptance of appointment by the successor Trustee under the Indenture.

Appointment of Successor Trustee. If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the City (so long as no Event of Default under the Indenture has occurred and is continuing), or the owners of a majority in principal amount of Bonds Outstanding (if an Event of Default under the Indenture has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the City and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the City or the bondowners. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner therein provided, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner therein provided, any bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of this paragraph shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of the Indenture.

Acceptance of Appointment by Successor. Every successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to the City and to the retiring Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee and the duties and obligations of the retiring Trustee shall cease and terminate; but, on request of the City or the successor Trustee, such retiring Trustee shall, upon payment of its charges, fees, costs and expenses, including its agents and counsel, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts therein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee under the Indenture, subject nevertheless to its lien, if any, provided for in the Indenture. Upon request of any such successor Trustee, the City shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under the Indenture.

Merger, Consolidation and Succession to Business. Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee under the Indenture, provided such corporation or association shall be otherwise qualified and eligible under the Indenture, and shall be vested with all of the title to the whole property or Trust Estate

and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act on the part of any of the parties to the Indenture. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Supplemental Indentures Without Consent of Bondowners. Without the consent of the owners of any Bonds, the City and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

- (a) to correct or amplify the description of any property at any time subject to the lien of the Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property;
- (b) to issue Additional Bonds pursuant to the Indenture.
- (c) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, as therein set forth, additional conditions, limitations and restrictions thereafter to be observed;
- (d) to evidence the appointment of a separate trustee or the succession of a new trustee under the Indenture;
- (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 Bonds or to surrender any right or power therein conferred upon the City;
- (f) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision therein or to make any other change, with respect to matters or questions arising under the Indenture, which shall not be inconsistent with the provisions of the Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds (in making such determination the Trustee may rely conclusively upon an Opinion of Counsel); or
- (g) to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

Supplemental Indentures With Consent of Bondowners. With the consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the City and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the owners of the Bonds under the Indenture; provided, however, that no such Supplemental Indenture 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, any Bond, 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, any Bond, 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);

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

(c) modify the obligation of the City to make payment on or provide funds for the payment of any Bond;

(d) modify or alter the provisions of the exceptions to the definition of the term "Outstanding";

(e) modify any of the provisions of this section or the section of the Indenture which discusses waiver of past defaults, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or

(f) permit the creation of any lien ranking prior to or on parity with the lien of the Indenture with respect to any of the Trust Estate or terminate the lien of the Indenture on any property at any time subject thereto or deprive the owner of any Bond of the security afforded by the lien of the Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered under the Indenture. The Trustee shall not be liable for any such determination made in good faith. In making such determination, the Trustee may rely conclusively upon an Opinion of Counsel.

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

A copy of any Supplemental Indenture shall be sent to any Rating Agency then rating the Bonds.

Satisfaction and Discharge of Indenture. The Indenture and the lien, rights and interests created by the Indenture shall cease, terminate and become null and void (except as to any surviving rights pursuant to the Indenture) if the following conditions are met:

(a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of the Indenture;

(b) all other sums payable under the Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment;

(c) the Trustee receives an Opinion of Co-Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that so providing for the payment of any Tax-Exempt Bonds will not cause the interest on such Tax-Exempt Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture; and

(d) the Trustee receives an Opinion of Counsel to the effect that all conditions precedent in this paragraph to the satisfaction and discharge of the Indenture have been complied with.

Thereupon, the Trustee shall execute and deliver to the City a termination statement and such instruments of satisfaction and discharge of the Indenture as may be necessary at the written request of the City, and shall pay, assign, transfer and deliver to the City, or other Persons entitled thereto, all moneys, securities and other property then held by it under the Indenture as a part of the Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee as therein provided for the payment of the principal of, premium, if any, and interest on the Bonds.

Rights Retained After Discharge. Notwithstanding the satisfaction and discharge of the Indenture, the rights of the Trustee under the Indenture shall survive, and the Trustee shall retain such rights, powers and duties under the Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided therein. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any Bond remaining unclaimed for four years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided therein, shall then be paid to the City without liability for interest thereon, and the owners of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the City for payment thereof and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease.

Acts of Bondowners. Any notice, request, demand, authorization, direction, consent, waiver or other action provided by the Indenture to be given or taken by bondowners may be embodied in and evidenced by one or more substantially concurrent instruments of similar tenor signed by such bondowners in person or by an agent duly appointed in writing. Except as therein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the City. Proof of execution of any such instrument or of a writing appointing any such agent, or of the ownership of Bonds other than the assignment of the ownership of a Bond, shall be sufficient for any purpose of the Indenture and conclusive in favor of the City and the Trustee, if made in the following manner:

(d) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof, or by the affidavit of a witness of such execution. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of such person's authority.

(e) The fact and date of execution of any such instrument or writing and the authority of any Person executing the same may also be proved in any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this paragraph.

(f) The ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same, shall be proved by the bond register maintained by the Trustee.

In determining whether the owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Bonds registered on the bond register in the name of the City shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the City has identified in writing to the Trustee as being owned by the City or an affiliate thereof shall be so disregarded.

Any notice, request, demand, authorization, direction, consent, waiver or other action by the owner of any Bond shall bind every future owner of the same Bond and the owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the City in reliance thereon, whether or not notation of such action is made upon such Bond.

SERIES 2017D TRUST INDENTURE

The following is a summary of certain provisions of the Trust Indenture, dated as of March 1, 2017 (referred to within this section summarizing such Indenture, as the "Indenture"), pursuant to which the Series 2017D Bonds (referred to collectively within this section as the "Series 2017D Bonds" or the "Bonds") will be issued. The summary does not purport to be complete or comprehensive, and this summary is qualified in its entirety by reference to the Indenture, copies of which are available from the Issuer.

Definitions of Words and Terms. For all purposes of the Indenture, except as otherwise provided or unless the context otherwise requires, the following words and terms used in the Indenture shall have the following meanings:

"Act" means Sections 99.800 *et seq.* of the Revised Statutes of Missouri, as amended.

"Additional Bonds" means any additional parity Bonds issued by the Issuer pursuant to the Indenture that stand on a parity and equality under the Indenture with the Series 2017D Bonds.

"Appropriated Moneys" means moneys of the City which have been annually appropriated by the City or which are deposited to the Revenue Fund created under the Indenture and available to pay the principal of and interest due on the Series 2017D Bonds and other payments described in the Indenture.

"Authority" means The Industrial Development Finance Authority of the City of Kansas City, Missouri.

"Board" means the Missouri Development Finance Board.

"Bond" or *"Bonds"* means the Series 2017D Bonds and any Additional Bonds issued pursuant to the Indenture.

"Bond Purchase Agreement" means the Bond Purchase Agreement between the Issuer and the Original Purchaser of the Series 2017 Bonds.

"Bondowner," "Owner," "Bondholder" or "Holder" means, as of any time, the registered owner of any Bond as shown in the register kept by the Trustee as bond registrar.

“*Business Day*” means a day, other than a Saturday, on which the Trustee and any Paying Agent shall be scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

“*City Council*” means the City Council of the City of Kansas City, Missouri.

“*City Revenues*” means all moneys appropriated by the Issuer other than Incremental Tax Revenues deposited in the City Revenues Account of the Revenue Fund for transfer to the Debt Service Fund.

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

“*Commission*” means the Tax Increment Financing Commission of Kansas City, Missouri and its successors and assigns.

“*Continuing Disclosure Undertaking*” means the Continuing Disclosure Undertaking of the Issuer, as from time to time amended in accordance with the provisions thereof.

“*Cooperative Agreement*” means the Cooperative Agreement between the Issuer and the Commission, as from time to time amended and supplemented by Supplemental Cooperative Agreements in accordance with the provisions of the Cooperative Agreement.

“*Costs of Issuance*” means issuance costs with respect to the Bonds described in Section 147(g) of the Internal Revenue Code and any regulations under the Indenture, including but not limited to the following:

- (a) underwriters’ spread of the Original Purchaser (whether realized directly or derived through purchase of Bonds at a discount below the price at which they are expected to be sold to the public);
- (b) counsel fees (including bond counsel, underwriter’s counsel, Commission’s counsel, Issuer’s counsel, as well as any other specialized counsel fees incurred in connection with the borrowing);
- (c) financial advisor fees of any financial advisor to the Issuer incurred in connection with the issuance of the Bonds;
- (d) rating agency fees;
- (e) trustee, escrow agent and paying agent fees;
- (f) accountant fees and other expenses related to issuance of the Bonds;
- (g) printing costs (for the Bonds and of the preliminary and final Official Statement relating to the Bonds); and
- (h) fees and expenses of the Issuer incurred in connection with the issuance of the Bonds.

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

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

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

“*Defeasance Obligations*” means:

- (a) Government Obligations which are not subject to redemption prior to maturity; or
- (b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations); or
- (c) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities; or
- (d) the interest component of Resolution Funding Corp. (REFCORP) strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form; or
- (e) Pre-refunded municipal obligations meeting the requirements of paragraph (j) of the definition of Permitted Investments; or
- (f) Obligations issued by the following agencies which are backed by the full faith and credit of the United States: (i) U.S. Export-Import Bank (Eximbank), Direct obligations or fully guaranteed certificates of beneficial ownership; (ii) Farmers Home Administration (FmHA), Certificates of beneficial ownership; (iii) Federal Financing Bank; (iv) General Services Administration, Participation certificates; (iv) U.S. Maritime Administration, Guaranteed Title XI financing; (v) U.S. Department of Housing and Urban Development (HUD), Project Notes, Local Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

“*Department*” means the Missouri Department of Economic Development.

“*Economic Activity Taxes*” mean fifty percent (50%) of the total additional revenue from taxes which are imposed by other taxing districts (as that term is defined in the Act) and which taxes are generated by economic activities within Midtown Redevelopment Area over the amount of such taxes generated by economic activities within such Midtown Redevelopment Area in the calendar year preceding the adoption of tax increment financing for the Midtown Redevelopment Area, but excluding therefrom (i) personal property taxes, (ii) any taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, (iii) taxes levied pursuant to Section 70.500 R.S.Mo., (iv) taxes levied for public transportation pursuant to Section 94.660 R.S.Mo. and (v) licenses, fees or special assessments, other than payments in lieu of taxes, and penalties and interest thereon.

“*Event of Default*” means any event of default as defined in the Indenture.

“*Event of Nonappropriation*” means failure of the Issuer to budget and appropriate on or before the last day of any Fiscal Year moneys sufficient to pay the debt service payments and additional amounts due under the Indenture and payable during the next Fiscal Year.

“*Fiscal Year*” means the Issuer’s fiscal year, which is currently May 1 to April 30, or as it may be hereinafter defined by the Issuer.

“*Government Obligations*” means 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.

“*Incremental Tax Revenues*” means PILOTS from Midtown Redevelopment Area and, when appropriated by the Issuer or the State as applicable, Economic Activity Taxes, Super TIF Revenues and State TIF Revenues collected in the Midtown Redevelopment Area.

“*Internal Revenue Code*” means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) under the Indenture and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

“*Issuer*” means the City of Kansas City, Missouri, a constitutional charter city and political subdivision of the State of Missouri and its successors and assigns.

“*Issuer Representative*” means the City Manager, the Director of Finance, the City Treasurer or any such other person at the time designated to act on behalf of the Issuer as evidenced by a written certificate furnished by the Issuer to the Trustee containing the specimen signature of such person and signed on behalf of the Issuer by the Director of Finance. References to each Issuer Representative shall include any person designated as serving in an acting capacity. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Issuer Representative.

“*Midtown Business Interruption Fund*” means the fund by that name created by the Indenture.

“*Midtown Developer*” means Midtown Redevelopment Corporation, a Missouri corporation and its successors and assigns.

“*Midtown Economic Activity Tax Account*” means the Economic Activity Tax Account in the Midtown Redevelopment Project Special Allocation Fund.

“*Midtown PILOTS Account*” means the PILOTS Account in the Midtown Redevelopment Project Special Allocation Fund.

“*Midtown Redevelopment Agreement*” means the Agreement dated as of April 5, 1995 by and between the Commission and the Midtown Developer.

“*Midtown Redevelopment Area*” means the areas described in **Exhibit A** of the Cooperative Agreement.

“*Midtown Redevelopment Project Area*” means collectively, the areas within the Midtown Redevelopment Area selected for redevelopment projects pursuant to the Midtown Redevelopment Plan as legally described on **Exhibit A** of the Cooperative Agreement.

“*Midtown Redevelopment Plan*” or “*Plan*” means the Midtown Tax Increment Financing Plan dated April 1, 1993, as amended by the First Amendment to the Midtown Tax Increment Financing Plan approved May 15, 1995, the Second Amendment to the Midtown Tax Increment Financing Plan approved September 15, 1999 and the Third Amendment to the Midtown Tax Increment Financing Plan approved October 11, 2000.

“*Midtown Redevelopment Project*” shall have the meaning set forth in the Recitals of the Indenture.

“*Midtown Redevelopment Project Special Allocation Fund*” means as to each of the Issuer and the Commission, the Redevelopment Special Allocation Fund held and maintained by the Issuer and Commission, relating to the Midtown Redevelopment Project and within such Redevelopment Special Allocation Fund, a PILOTS Account and an Economic Activity Tax Account, maintained by the Issuer or the Commission, as applicable.

“*Moody’s*” means Moody’s Investors Service, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*Moody’s*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, by notice to the Trustee.

“*Officer’s Certificate*” means a written certificate in the form described in the Indenture of the Issuer signed by the Issuer Representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, the Issuer with respect to matters set forth therein.

“*Opinion of Co-Bond Counsel*” means a written opinion in the form described in the Indenture of any legal counsel acceptable to the Issuer and the Trustee who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

“*Opinion of Counsel*” means a written opinion in the form described in the Indenture of any legal counsel acceptable to the Trustee, who may be an employee of or counsel to the Trustee, the Issuer or the Commission.

“*Outstanding*” means when used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Indenture, except:

- (a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in the Indenture;
- (b) Bonds for whose payment or redemption money or Government Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the owners of such Bonds as provided in the Indenture, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture; and
- (d) Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in the Indenture.

“*Participants*” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“*Paying Agent*” means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to the Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

“*Payment Date*” means any date on which the principal of or interest on any Bonds is payable.

“*Payments in Lieu of Taxes*” or “*PILOTs*” means those payments in lieu of taxes (as defined in Sections 99.805(10) and 99.845 of the Act), if any, received by the Commission or the Issuer, attributable to the increase in the current equalized assessed valuation of all taxable lots, blocks, tracts and parcels of real property in Midtown Redevelopment Area over and above the certified total initial equalized assessed valuation of the real property in Midtown Redevelopment Area, as provided for by Section 99.845 of the Act, as in effect on the date of issuance of the Bonds.

“*Permitted Investments*” means any of the following securities, if and to the extent the same are at the time legal for investment of the moneys held in the funds and accounts listed in the Indenture:

1. United States Treasury Securities (Bills, Notes, Bonds and Strips).
2. United States Agency/GSE Securities. The Issuer may invest in obligations issued or guaranteed by any agency of the United States Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable market value that are described as follows:
 - (a) U.S. Government Agency Coupon and Zero Coupon Securities.
 - (b) U.S. Government Agency Discount Notes.
 - (c) U.S. Government Agency Callable Securities. Restricted to securities callable at par only.
 - (d) U.S. Government Agency Step-Up Securities. The coupon rate is fixed for an initial term. At the step-up date, the coupon rate rises to a new, higher fixed interest rate.
 - (e) U.S. Government Agency Floating Rate Securities. Restricted to coupons with no interim caps that reset at least quarterly and that float off of only one index.
 - (f) U.S. Government Agency/GSE Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than five (5) years when analyzed in a +300 basis point interest rate environment.
3. Repurchase Agreements. The Issuer may invest in contractual agreements between the Issuer and commercial banks or primary government securities dealers. The Securities Industry & Financial Markets Association’s (or any successor’s) guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions as more fully described in the Issuer’s investment policy. All repurchase agreement transactions will be either physical delivery or tri-party.
4. Bankers’ Acceptances. The Issuer may invest in bankers’ acceptances issued by domestic commercial banks possessing the highest credit rating issued by Moody’s or S&P.
5. Commercial Paper. The Issuer may invest in commercial paper issued by domestic corporations, which has received the highest short-term credit rating issued by Moody’s or S&P. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars (\$500,000,000) and are not listed on Credit Watch with negative implications by any nationally recognized credit rating agency at the time of purchase.
6. Municipal Securities (State and Local Government Obligations). The Issuer may invest in municipal obligations that are issued in either tax-exempt or taxable form.
 - (a) Any full faith and credit obligations of the State of Missouri rated at least A or A2 by S&P or Moody’s.
 - (b) Any full faith and credit obligations of any city, county or school district in the State of Missouri rated at least AA or Aa2 by S&P or Moody’s.
 - (c) Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least A or A2 by S&P or Moody’s.
 - (d) Any full faith and credit obligation of any state or territory of the United States of America rated at least AA or Aa2 by S&P or Moody’s.
 - (e) Any full faith and credit obligations of any city, county or school district in any state or territory of the United States of America rated AAA or Aaa by S&P or Moody’s.

(f) Any revenue bonds issued by the Missouri Department of Transportation rated at least AA or Aa2 by S&P or Moody's.

(g) Any municipal obligation that is pre-refunded or escrowed to maturity as to both principal and interest with escrow securities that are fully guaranteed by the United States Government, without regard to rating by S&P or Moody's.

7. Money Market Mutual Funds. Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, rated in either of the two highest categories by Moody's and S&P (in either case without regard to any modifier).

8. Other. Such other investments not described above that are allowed pursuant to Missouri law and approved in the Charter.

References to particular ratings and rating categories in this definition are applicable only at the time of purchase of the Permitted Investments.

"Person" means any natural person, firm, association, corporation, partnership, limited liability, company, joint stock company, a joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

"Rating Agency" means Moody's or S&P or any other nationally recognized securities rating service.

"Rebate Fund" means the fund by that name created by the Indenture.

"Record Date" means the first day (whether or not a Business Day) of the calendar month in which an interest payment on any Bond is to be made.

"Refunded Bonds" means the \$17,425,000 Outstanding principal amount of The Industrial Development Authority of the City of Kansas City, Missouri Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A.

"Refunding Fund" means that Fund by that name created by the Indenture.

"Replacement Bonds" means Bonds issued to the beneficial owners of the Bonds in accordance with the Indenture.

"Revenue Fund" means that Fund by that name created by the Indenture.

"Securities Depository" means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

"Series 2017D Bonds" means the series of the Issuer's Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D, in the aggregate principal amount of \$16,520,000, issued pursuant to the Indenture.

"S&P" means S&P Global Ratings, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating service designated by the Issuer, with notice to the Trustee.

“*State TIF Revenues*” means amounts made available to the Issuer through the State Supplemental Tax Increment Financing Program pursuant to Section 99.845, Revised Statutes of Missouri, and in conformance with an Amended Certificate of Approval from the Missouri Department of Economic Development relating to the Plan.

“*Super TIF Revenues*” means an amount equal to the 50% of the Issuer’s sales tax revenue and earnings tax revenue attributable to economic activity or earned in the Midtown Redevelopment Area and which does not constitute economic activity taxes under the Act, which may be appropriated on an annual basis by the Issuer, to be made available for payment of debt service on the Bonds.

“*Supplemental Indenture*” means any indenture supplemental or amendatory to the Indenture entered into by the Issuer and the Trustee pursuant to the Indenture.

“*Tax Compliance Agreement*” means the Tax Compliance Agreement among the Issuer and the Trustee.

“*Transaction Documents*” means the Indenture, the Cooperative Agreement, the Bonds, the Official Statement relating to the Bonds, the Continuing Disclosure Undertaking, the Bond Purchase Agreement, the Tax Compliance Agreement and any and all other documents or instruments that evidence or are a part of the transactions referred to in the Indenture, the Cooperative Agreement or the Official Statement or contemplated by the Indenture or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Transaction Documents” are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

Granting Clauses. Pursuant to the Indenture, the Issuer transfers in trust, pledges and assigns to the Trustee, and grants a security interest to the Trustee in, the property described in paragraphs (a), (b) and (c) below (said property referred to therein as the “Trust Estate”):

- (a) All Appropriated Moneys; and
- (b) All right, title and interest of the Issuer (including, but not limited to, the right to enforce any of the terms thereof) in, to and under the Cooperative Agreement, except for the Issuer’s Unassigned Rights, and
- (c) All other moneys and securities from time to time held by the Trustee under the terms of the Indenture (excluding amounts held in the Rebate Fund, as hereinafter defined), and any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture by the Issuer, or by anyone in its behalf or with its written consent, to the Trustee, which is thereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

Authorization of Additional Bonds. Additional Bonds may be issued under and equally and ratably secured by the Indenture on a parity (except as otherwise provided in the Indenture) with the Series 2017D Bonds and any other Additional Bonds at any time and from time to time, upon compliance with the conditions set forth in the Indenture.

Before any Additional Bonds are issued under the provisions of the Indenture, the Issuer shall pass an Ordinance (a) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof

and describing the purpose or purposes for which such Additional Bonds are being issued, (b) authorizing the Issuer to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such series of Bonds and the form of the Bonds of such series, and (c) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the Issuer, are not prejudicial to the Issuer or the owners of the Bonds previously issued.

Such Additional Bonds shall have the same general title as the Series 2017D Bonds, except for an identifying series letter or date, and shall be dated, shall mature on such dates, shall be numbered, shall bear interest at such rates not exceeding the maximum rate then permitted by law payable at such times, and shall be redeemable at such times and prices (subject to the provisions of the Indenture), all as provided by the Supplemental Indenture authorizing the issuance of such Additional Bonds. Except as to any difference in the date, the maturities, the rates of interest or the provisions for redemption, such Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of the Indenture as the Series 2017D Bonds and any other Additional Bonds.

Method and Place of Payment. The principal of, redemption premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

The principal of and the redemption premium, if any, on all Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond register maintained by the Trustee at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the principal corporate trust office of the Trustee or of any Paying Agent named in the Bonds.

The interest payable on each Bond on any interest payment date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond register at the close of business on the Record Date for such interest, (a) by check or draft mailed to such registered owner at such owner's address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such owner, or (b) at the written request addressed to the Trustee by any owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to such owner upon written notice to the Trustee from such owner containing the electronic transfer instructions (which shall be in the continental United States) to which such owner wishes to have such transfer directed and such written notice is given by such owner to the Trustee not less than 15 days prior to the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Interest on any Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the owner of such Bond on the relevant Record Date and shall be payable to the owner in whose name such Bond is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the owners of the Bonds entitled to such Defaulted Interest as provided in the Indenture. Following receipt of such funds the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which

shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each owner of a Bond entitled to such notice at the address of such owner as it appears on the bond register not less than 10 days prior to such Special Record Date.

Subject to the provisions of the Indenture, each Bond delivered under the Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Creation of Funds and Accounts. There are created and ordered to be established in the custody of the Trustee the following special trust funds in the name of the Issuer to be designated as follows:

- (a) Costs of Issuance Fund.
- (b) Debt Service Fund, with a Redemption Account therein.
- (c) Revenue Fund, and within such Revenue Fund a State Sales Tax Revenues Account, an Incremental Tax Revenues Account, a Super TIF Revenues Account and a City Revenues Account.
- (d) Refunding Fund.
- (e) Rebate Fund.
- (f) Midtown Business Interruption Fund.

The Trustee is authorized to establish separate accounts within such funds or otherwise segregate moneys within such funds, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient, or as the Trustee shall be instructed by the Issuer.

Costs of Issuance Fund. The moneys on deposit in the Costs of Issuance Fund shall be disbursed by the Trustee from time to time, upon receipt of written disbursement requests of the Issuer, signed by the Issuer Representative, in amounts equal to the amount of Costs of Issuance certified in such written requests. At such time as the Trustee is furnished with an Officer's Certificate from the Issuer stating that all Costs of Issuance have been paid, and in any case not later than six months from the date of original issuance of the Series 2017D Bonds, the Trustee shall transfer any moneys remaining in the Costs of Issuance Fund to the Debt Service Fund as instructed by the Issuer Representative.

Debt Service Fund. The Trustee shall deposit and credit to the Debt Service Fund, as and when received, as follows:

- (a) The amounts required to be deposited therein under the Indenture.
- (b) Any amount required to be transferred from the Revenue Fund pursuant to the Indenture.
- (c) Interest earnings and other income on Permitted Investments required to be deposited in the Debt Service Fund pursuant to the Indenture.
- (d) Any amounts required by a Supplemental Indenture authorizing the issuance of Additional Bonds to be deposited in the Debt Service Fund, as specified in such Supplemental Indenture.

(e) All other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or any other Transaction Document, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Fund.

The moneys in the Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of the Indenture to pay the principal of and redemption premium, if any, and interest on the Bonds as the same become due and payable. Except as otherwise provided therein, moneys in the Debt Service Fund shall be expended solely as follows: (i) to pay interest on the Bonds as the same becomes due; (ii) to pay principal of the Bonds as the same mature or become due and upon mandatory sinking fund redemption thereof; and (iii) to pay principal of and redemption premium, if any, on the Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to maturity.

The Trustee is authorized and directed to withdraw sufficient funds from the Debt Service Fund to pay principal of, redemption premium, if any, and interest on the Bonds as the same become due and payable at maturity or upon redemption and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said principal, redemption premium, if any, and interest.

The Trustee, upon the written instructions from the Issuer, shall transfer any excess moneys in the Debt Service Fund to the Redemption Account therein. Amounts deposited in the Redemption Account may be used to redeem all or part of the Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the Issuer, in accordance with the provisions of the Indenture, to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption. The Issuer may cause such excess money in the Redemption Account or such part thereof or other moneys of the Issuer, as the Issuer may direct, to be applied by the Trustee on a best efforts basis to the extent practical for the purchase of Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of redemption premium, if any, and interest on the Bonds (or after provision has been made for the payment thereof as provided in the Indenture), and the fees, charges and expenses of the Trustee, any Paying Agents and the Issuer, and any other amounts required to be paid under the Indenture, all amounts remaining in the Debt Service Fund shall be paid to the Issuer.

Deposits into the Revenue Fund.

(a) All State Sales Tax Revenues identified as such by the Commission or Issuer shall be paid over to and deposited by the Trustee into the State Sales Tax Revenue Account, as and when received.

(b) The following moneys shall be paid over to and deposited by the Trustee into the Incremental Tax Revenues Account, as and when received:

(i) The amounts identified by the Commission or Issuer as funds paid by the Commission or the Issuer pursuant to the Cooperative Agreement.

(ii) All other moneys received by the Trustee when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Incremental Tax Revenues Account.

(c) The following moneys shall be paid over to and deposited by the Trustee into the Super TIF Revenues Account, as and when received:

(i) The amounts identified by the Commission or Issuer as funds paid by the Commission or the Issuer pursuant to the Cooperative Agreement.

(ii) All other moneys received by the Trustee when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Super TIF Account.

(d) The Trustee shall deposit into the City Revenues Account all moneys received by the Trustee when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the City Revenues Account.

Midtown Business Interruption Fund.

(a) The Trustee shall deposit into the Midtown Business Interruption Fund all moneys received by the Trustee when accompanied by written directions from the person depositing such moneys that such moneys are to be paid into the Midtown Business Interruption Fund.

(b) Except as otherwise provided in the Indenture, moneys in the Midtown Business Interruption Fund shall be used by the Trustee upon written direction of the Issuer for the payment of the principal of and interest on the Bonds if moneys otherwise available for such purpose as provided in the Indenture are insufficient to pay the same as they become due and payable. In the event the balance of moneys in the Debt Service Fund is insufficient to pay principal of or interest on the Bonds when due and payable, upon direction of the Issuer moneys in the Midtown Business Interruption Fund, if any, shall be transferred into the Debt Service Fund in an amount sufficient to make up such deficiency. Such moneys shall be used first to make up any deficiency in the payment of interest and then principal. Moneys in the Midtown Business Interruption Fund shall also be used to pay the last Bonds becoming due unless such Bonds and all interest thereon be otherwise paid.

(c) Upon written direction of the Issuer, moneys in the Midtown Business Interruption Fund shall also be disbursed in accordance with the Issuer's direction to pay such Redevelopment Costs as may be permitted under the Act.

(d) Moneys in the Midtown Business Interruption Fund may be used for such other purposes as shall be directed by the Issuer.

(e) After payment in full of the principal of, redemption premium, if any, and interest on the Bonds (or provision has been made for the payment thereof as specified in the Indenture), and the fees, charges and expenses of the Trustee and any Paying Agents and any other amounts required to be paid under the Indenture, all amounts remaining in the Midtown Business Interruption Fund shall be paid to the Issuer.

Rebate Fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement and pursuant to the Indenture. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America or any expenses incurred in connection with the calculation of rebate, and neither the Issuer nor the owner of any Bonds shall have any rights in or claim to such money, except as provided in the Indenture. All amounts held in the Rebate Fund shall be governed by the Indenture and by the Tax Compliance Agreement (which are incorporated therein by reference).

Pursuant to the Tax Compliance Agreement, the Trustee shall remit all required rebate installments and a final rebate payment to the United States in accordance with the written direction of the Issuer. Neither the Trustee nor the Issuer shall have any obligation to pay any amounts required to be rebated pursuant to the Indenture and the Tax Compliance Agreement, other than from moneys held in the Rebate Fund created under the Indenture as provided in the Indenture or from other moneys provided to it by the Issuer. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and paid to the Issuer.

The obligation to pay arbitrage rebate to the United States and to comply with all other requirements of this the Indenture and the Tax Compliance Agreement shall survive the defeasance or payment in full of the Bonds until all rebatable arbitrage shall have been paid.

Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Issuer to the owner thereof for the payment of such Bond, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust in a separate trust account, without liability for interest thereon, for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on such person's part under the Indenture or on or with respect to said Bond. If any Bond shall not be presented for payment within four years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the Issuer the funds theretofore held by it for payment of such Bond without liability for interest thereon, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Records and Reports of Trustee. The Trustee agrees to maintain such records with respect to any and all moneys or investments held by the Trustee pursuant to the provisions of the Indenture as are requested by the Issuer. The Trustee shall furnish to the Issuer, monthly on the tenth Business Day after the end of each calendar month, a report on the status of each of the funds and accounts established under the Indenture which are held by the Trustee, showing the balance in each such fund or account as of the first day of the preceding month, the total of deposits to and the total of disbursements from each such fund or account, the dates of such deposits and disbursements, and the balance in each such fund or account on the last day of the preceding month. The Trustee shall render an annual accounting for each fiscal year ending April 30 to the Issuer and any bondowner at the expense of such bondowner requesting the same, showing in reasonable detail all financial transactions relating to the Trust Estate during the accounting period, including investment earnings and the balance in any funds or accounts created by the Indenture as of the beginning and close of such accounting period.

Investment of Moneys. Moneys held in each of the funds and accounts under the Indenture shall, pursuant to written directions of the Issuer Representative, be invested and reinvested by the Trustee in accordance with the provisions of the Indenture and the Tax Compliance Agreement in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds

are expected to be needed. If the Issuer fails to provide written directions concerning investment of moneys held in the funds, the Trustee shall invest in such Permitted Investments specified in paragraph (k) of the definition of Permitted Investments, provided they mature or are subject to redemption prior to the date such funds will be needed. The Trustee may conclusively rely upon the written direction of the Issuer Representative as to the suitability and legality of any directed investment. The Trustee is specifically authorized to implement its automated cash investment system to invest cash and to charge its normal cash management fees, which may be deducted from earned income on investments. The Trustee may make any investments permitted by the provisions of the Indenture through its own bond department or short-term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes, except moneys held in any fund or account that are required to be yield restricted in accordance with the Tax Compliance Agreement, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments (other than any amounts required to be deposited in the Rebate Fund pursuant to the Indenture) shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account. After the Trustee has notice pursuant to the Indenture of the existence of an Event of Default, the Trustee shall direct the investment of moneys in the Funds held under the Indenture. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments.

Limited Obligations. The Bonds and the interest thereon shall be special, limited obligations of the Issuer payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof) solely out of Appropriated Moneys and moneys in the Funds and Accounts held by the Trustee under the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the Issuer within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the Issuer, but shall be payable solely from the funds provided for in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the Issuer to levy any form of taxation therefor or to make any appropriation for their payment.

Inspection of Books. The Issuer covenants and agrees that all books and documents in its possession relating to the Bonds and the Indenture, and the transactions relating thereto shall at all reasonable times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate. The Trustee covenants and agrees that all books and documents in its possession relating to the Bonds and the Indenture, and the transactions relating thereto, including financial statements of the Issuer, shall be open to inspection by the Issuer during business hours upon reasonable notice.

Enforcement of Rights. The Issuer agrees that the Trustee, as assignee, transferee, pledgee, and owner of a security interest under the Indenture in its name or in the name of the Issuer may enforce all rights of the Issuer and the Trustee for and on behalf of the bondowners, whether or not the Issuer is in default under the Indenture.

Tax Covenants. The Issuer shall at all times do and perform all acts and things permitted by law and the Indenture which are necessary or desirable in order to assure that interest paid on the Bonds (or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the Issuer agrees to comply with the provisions of the Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds.

Annual Appropriations. The Issuer intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to the Indenture, moneys sufficient to pay all the principal of and interest on the Bonds coming due in the next succeeding Fiscal Year. The Issuer shall deliver written notice to the Trustee no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the principal of and interest on the Bonds to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the principal of and interest on the Bonds to become due during such Fiscal Year, the failure of the Issuer to deliver the foregoing notice on or before the fifteenth 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 Issuer'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 principal of and interest on the Bonds to become due during such succeeding Fiscal Year, the failure of the Issuer to deliver the foregoing notice on or before the fifteenth 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 Issuer 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 Bonds are Outstanding, an appropriation for all payments of principal of and interest on the Bonds required for the ensuing Fiscal Year; it being the intention of the Issuer that the decision to appropriate or not to appropriate under the Indenture shall be made solely by the City Council and not by any other official of the Issuer. The Issuer intends, subject to the provisions above respecting the failure of the Issuer to budget or appropriate funds to make payments on the Bonds, to pay the debt service on the Bonds under the Indenture. The Issuer reasonably believes that legally available funds in an amount sufficient to make all payments of principal of and interest on the Bonds due during each Fiscal Year can be obtained. The Issuer further intends to do all things lawfully within its power to obtain and maintain funds from which payments of principal of and interest on the Bonds may be made, including making provision for such debt service payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the Issuer. Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the Issuer's normal procedures for such decisions.

The term "event of default," wherever used in the Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (a) default in the payment of any interest on any Bond when such interest becomes due and payable;
- (b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or
- (c) default in the performance, or breach, of any covenant or agreement of the Issuer in the Indenture or the Reimbursement Agreement (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in the Indenture), and continuance of such default or breach for a period of 60 days after there has been given to the Issuer by the Trustee or to the Issuer and the Trustee by the owners of at least 10% in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Issuer shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch.

Acceleration of Maturity; Rescission and Annulment. If an event of default occurs and is continuing, the Trustee may, and if requested by the owners of not less than 25% in principal amount of the Bonds Outstanding shall, by written notice to the Issuer, declare the principal of all Bonds Outstanding and the interest accrued thereon to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in the Indenture, the Trustee or the owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if

- (a) the Issuer has deposited with the Trustee a sum sufficient to pay
- (b) all overdue installments of interest on all Bonds;
- (c) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in the Bonds;
- (d) interest upon overdue installments of interest at the rate prescribed therefor in the Bonds; and
- (e) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and
- (f) all events of default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in the Indenture.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Exercise of Remedies by the Trustee. Upon the occurrence and continuance of any event of default under the Indenture, unless the same is waived as provided in the Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under the Indenture or by law:

- (a) ***Right To Bring Suit, Etc.*** The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under the Indenture, to realize on or to foreclose any of its interests or liens under the Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the Issuer as set forth in the Indenture and to enforce or preserve any other rights or interests of the Trustee under the Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.
- (b) ***Exercise of Remedies at Direction of Bondowners.*** If requested in writing to do so by the owners of not less than 25% in principal amount of Bonds Outstanding and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by the Indenture as the Trustee shall deem most expedient in the interests of the bondowners.

(c) ***Appointment of Receiver.*** Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondowners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) ***Suits To Protect the Trust Estate.*** The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture and to protect its interests and the interests of the bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under the Indenture or be prejudicial to the interests of the bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the bondowners in any judicial proceeding to which the Issuer is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the bondowners.

(e) ***Enforcement Without Possession of Bonds.*** All rights of action under the Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of the Indenture, be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.

(f) ***Restoration of Positions.*** If the Trustee or any bondowner has instituted any proceeding to enforce any right or remedy under the Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such bondowner, then and in every case the Issuer and the bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Indenture, and thereafter all rights and remedies of the Trustee and the bondowners shall continue as though no such proceeding had been instituted.

Limitation on Suits by Bondowners. No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Indenture, unless

(a) such owner has previously given written notice to the Trustee of a continuing event of default;

(b) the owners of not less than 25% in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under the Indenture;

(c) such owner or owners have offered to the Trustee indemnity as provided in the Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other owners or to enforce any right under the Indenture, except in the manner therein provided and for the equal and ratable benefit of all Outstanding Bonds.

Control of Proceedings by Bondowners. The owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an event of default, provided indemnity has been provided to the Trustee in accordance with the Indenture:

(a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Indenture, or otherwise; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture; provided that

(d) such direction shall not be in conflict with any rule of law or the Indenture;

(e) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

(f) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction.

Application of Moneys Collected. Any moneys collected by the Trustee pursuant to the Indenture (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) FIRST: To the payment of all undeducted amounts due the Trustee under the Indenture;

(b) SECOND: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due;

(c) THIRD: to the payment of the remainder, if any, to the Issuer or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of the Indenture, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, in accordance with the Indenture, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Rights and Remedies Cumulative. No right or remedy conferred in the Indenture upon or reserved to the Trustee or to the bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy under the Indenture, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Delay or Omission Not Waiver. No delay or omission of the Trustee or of any owner of any Bond to exercise any right or remedy accruing upon an event of default shall impair any such right or remedy or constitute a waiver of any such event of default or an acquiescence therein. Every right and remedy given by the Indenture or by law to the Trustee or to the bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the bondowners, as the case may be.

Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in the Indenture, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Trustee and the Issuer, on behalf of the owners of all the Bonds waive any past default under the Indenture and its consequences, except a default

- (a) in the payment of the principal of (or premium, if any) or interest on any Bond; or
- (b) in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of the owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any event of default arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

Notice of Defaults. The Trustee shall not be required to take notice or be deemed to have notice of any default under the Indenture except failure by the Issuer to cause to be made any of the payments to the Trustee required to be made by the Indenture, unless the Trustee shall be specifically notified in writing of such default by the Issuer or the owners of at least 10% in principal amount of all Bonds Outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within 30 days after the Trustee has received notice of any event of default or the occurrence of any event of default under the Indenture of which the Trustee is deemed to have notice the Trustee shall give written notice of such event of default by mail to all owners of Bonds as shown on the bond register maintained by the Trustee, unless such event of default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bond, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the bondowners. For the purpose of this paragraph, the term "default" means any event which is, or after notice or lapse of time or both would become, an event of default as defined in the Indenture.

The Trustee shall promptly notify the Issuer in writing of any claim or action brought against the Trustee in respect of which indemnity may be sought against the Issuer, setting forth the particulars of such claim or action, and the Issuer will assume the defense thereof, including the employment of counsel satisfactory to the Trustee and the payment of all expenses. The Trustee may employ separate counsel in any such action and participate in the defense thereof, and the reasonable fees and expenses of such counsel shall not be payable by the Issuer unless such employment has been specifically authorized by the Issuer, the rules governing conflicts of interest require the employ of separate counsel, or the Issuer fails, in the judgment of the Trustee, to employ competent counsel, and such counsel fails to actively defend such action and protect the interests of the Trustee or bondowners.

As security for the payment of such compensation, expenses, reimbursements and indemnity under this section, the Trustee shall be secured under the Indenture by a first lien prior to the Bonds, and shall have the right to use and apply any trust moneys held by it under the Indenture.

Resignation and Removal of Trustee.

(a) The Trustee may resign at any time by giving written notice thereof to the Issuer and each owner of Bonds Outstanding as shown by the list of bondowners required by the Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) If the Trustee has or shall acquire any conflicting interest (as determined by the Trustee), it shall, within 90 days after ascertaining that it has a conflicting interest, or within 30 days after receiving written notice from the Issuer (so long as the Issuer is not in default under the Indenture) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in subsection (a).

(c) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Issuer and the Trustee signed by the owners of a majority in principal amount of the Outstanding Bonds, or, so long as the Issuer is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default under the Indenture, by the Issuer. The Issuer or any bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

(d) If at any time:

(i) the Trustee shall fail to comply with subsection (b) after written request therefor by the Issuer or by any Bondowner;

(ii) the Trustee shall cease to be eligible under the Indenture and shall fail to resign after written request therefor by the Issuer or by any such Bondowner; or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (A) the Issuer may remove the Trustee, or (B) any bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) The Trustee shall give notice at the expense of the Issuer of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the registered owners of Bonds as their names and addresses appear in the bond register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

(f) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the Indenture shall become effective until the acceptance of appointment by the successor Trustee under the Indenture.

Appointment of Successor Trustee. If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Issuer (so long as no event of default under the Indenture has occurred and is continuing), or the owners of a majority in principal amount of Bonds Outstanding (if an event of default under the Indenture has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the Issuer and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the Issuer or the bondowners. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner therein provided, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner therein provided, any bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of the Indenture shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of the Indenture.

Acceptance of Appointment by Successor. Every successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to the Issuer and to the retiring Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee and the duties and obligations of the retiring Trustee shall cease and terminate; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, fees, costs and expenses, including its agents and counsel, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts therein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee under the Indenture, subject nevertheless to its lien, if any, provided for in the Indenture. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

Merger, Consolidation and Succession to Business. Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee under the Indenture, provided such corporation or association shall be otherwise qualified and eligible under the Indenture, and shall be vested with all of the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor,

without the execution or filing of any paper or any further act on the part of any of the parties thereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Co-Trustees and Separate Trustees. At any time or times, for the purpose of meeting the legal requirements of any jurisdiction in which any of the Trust Estate may at the time be located, or in the enforcement of any default or the exercise any of the powers, rights or remedies therein granted to the Trustee, or any other action which may be desirable or necessary in connection therewith, the Trustee shall have power to appoint, and, upon the written request of the Trustee or of the owners of at least 25% in principal amount of the Bonds Outstanding, the Issuer shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Trustee either to act as co-trustee, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such person or persons in the capacity aforesaid, any property, title, protection, immunity, right or power deemed necessary or desirable, subject to the other provisions of the Indenture. If the Issuer does not join in such appointment within 15 days after the receipt by it of a request so to do, or in case an event of default has occurred and is continuing, the Trustee alone shall have power to make such appointment.

Should any written instrument from the Issuer be required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the Issuer.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) The Bonds shall be authenticated and delivered, and all rights, powers, duties and obligations under the Indenture in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustee under the Indenture, shall be exercised solely, by the Trustee.

(b) The rights, powers, duties and obligations conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Trustee or by the Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee.

(c) The Trustee at any time, by an instrument in writing executed by it, with the concurrence of the Issuer, may accept the resignation of or remove any co-trustee or separate trustee appointed under the Indenture, and, in case an event of default has occurred and is continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Issuer. Upon the written request of the Trustee, the Issuer shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in the Indenture.

(d) No co-trustee or separate trustee under the Indenture shall be personally liable by reason of any act or omission of the Trustee, or any other such trustee under the Indenture.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other act of bondowners delivered to the Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

Supplemental Indentures Without Consent of Bondowners. Without the consent of the owners of any Bonds, except as provided in the Indenture as to the issuance of certain Additional Bonds, the Issuer and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

(a) to correct or amplify the description of any property at any time subject to the lien of the Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property;

(b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, as therein set forth, additional conditions, limitations and restrictions thereafter to be observed;

(c) to authorize the issuance of any series of Additional Bonds and, make such other provisions as provided in the Indenture;

(d) to evidence the appointment of a separate trustee or the succession of a new trustee under the Indenture;

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

(f) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision therein or to make any other change, with respect to matters or questions arising under the Indenture, which shall not be inconsistent with the provisions of the Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds (in making such determination the Trustee may rely conclusively upon an Opinion of Counsel); or

(g) to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

Supplemental Indentures with Consent of Bondowners. With the consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the Issuer and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the owners of the Bonds under the Indenture; provided, however, that no such Supplemental Indenture 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, any Bond, 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, any Bond, 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);

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

(c) modify the obligation of the Issuer to make payment on or provide funds for the payment of any Bond;

(d) modify or alter the provisions of the proviso to the definition of the term "Outstanding";

(e) modify any of the provisions of this section or the section of the Indenture which discusses waiver of past defaults, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or

(f) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any of the Trust Estate or terminate the lien of the Indenture on any property at any time subject thereto or deprive the owner of any Bond of the security afforded by the lien of the Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered under the Indenture. The Trustee shall not be liable for any such determination made in good faith. In making such determination, the Trustee shall be entitled to receive and may rely conclusively upon an Opinion of Counsel.

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

Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by the Indenture or the modification thereby of the trusts created by the Indenture, the Trustee shall be entitled to receive, and, subject to the Indenture, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Indenture is authorized and permitted by and in compliance with the terms of the Indenture and that the execution and delivery thereof will not adversely affect the exclusion from federal gross income of interest on the Bonds. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

Satisfaction and Discharge of Indenture. The Indenture and the lien, rights and interests created by the Indenture shall cease, terminate and become null and void (except as to any surviving rights pursuant to the Indenture) if the following conditions are met:

(a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of the Indenture;

(b) all other sums payable under the Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment;

(c) the Trustee receives an Opinion of Co-Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture; and

(d) the Trustee receives an Opinion of Counsel to the effect that all conditions precedent in this section to the satisfaction and discharge of the Indenture have been complied with.

Thereupon, the Trustee shall execute and deliver to the Issuer a termination statement and such instruments of satisfaction and discharge of the Indenture as may be necessary at the written request of the Issuer, and shall pay, assign, transfer and deliver to the Issuer, or other Persons entitled thereto, all moneys, securities and other property then held by it under the Indenture as a part of the Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee as therein provided for the payment of the principal of, premium, if any, and interest on the Bonds.

Rights Retained After Discharge. Notwithstanding the satisfaction and discharge of the Indenture, the rights of the Trustee under the Indenture shall survive, and the Trustee shall retain such rights, powers and duties under the Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided therein. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any Bond remaining unclaimed for four years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided therein, shall then be paid to the Issuer without liability for interest thereon, and the owners of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the Issuer for payment thereof and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease.

Acts of Bondowners. Any notice, request, demand, authorization, direction, consent, waiver or other action provided by the Indenture to be given or taken by bondowners may be embodied in and evidenced by one or more substantially concurrent instruments of similar tenor signed by such bondowners in person or by an agent duly appointed in writing. Except as therein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or of the ownership of Bonds other than the assignment of the ownership of a Bond, shall be sufficient for any purpose of the Indenture and conclusive in favor of the Issuer and the Trustee, if made in the following manner:

(e) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof, or by the affidavit of a witness of such execution. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of such person's authority.

(f) The fact and date of execution of any such instrument or writing and the authority of any Person executing the same may also be proved in any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in the Indenture.

(g) The ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same, shall be proved by the bond register maintained by the Trustee.

In determining whether the owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Bonds registered on the bond register in the name of the Issuer shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Issuer has identified in writing to the Trustee as being owned by the Issuer or an affiliate thereof shall be so disregarded.

Any notice, request, demand, authorization, direction, consent, waiver or other action by the owner of any Bond shall bind every future owner of the same Bond and the owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Bond.

APPENDIX C

INFORMATION REGARDING THE CITY OF KANSAS CITY, MISSOURI

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INFORMATION CONCERNING THE CITY OF KANSAS CITY, MISSOURI

GENERAL INFORMATION

Location, Size and Demographics

Kansas City, Missouri (the "City") is the largest City in Missouri and is the central city of a fourteen county Metropolitan Statistical Area (MSA) which includes Bates, Caldwell, Cass, Clay, Clinton, Lafayette, Ray, Jackson and Platte counties in the State of Missouri and Johnson, Linn, Wyandotte, Miami and Leavenworth counties in the State of Kansas. The City is located in parts of Jackson, Clay, Platte and Cass counties on the western border of the State of Missouri, and is situated at the confluence of the Kansas and Missouri rivers on Interstate Highways I-29, I-49, I-35 and I-70.

Historically, the City has pursued a policy of annexation, and is today the 11th largest city in land area in the United States with a total area of approximately 319 square miles (excluding cities consolidated with counties). The City's Department of City Planning and Development estimates that the City's 2016 population is 477,146 and that the population of the Kansas City MSA is 2,101,758. There is excellent quality and reasonably priced housing available in the City. The cost of an existing home in the Kansas City MSA is approximately twenty-five percent below the average for comparable homes in the United States as of first quarter 2016.

Municipal Government and Services

The City was incorporated on June 3, 1850. The City is a constitutional home rule city and adopted its present Charter by popular vote on August 8, 2006, (as further amended) pursuant to Article VI, Section 19 of the Missouri Constitution.

The City has a Council-Manager form of government. There are 13 members of the Council, including the Mayor. All are elected for four-year terms, with the Mayor and six Council members elected at large and the other six Council members elected by the residents of their districts. The City Manager is appointed by the Council. The Council determines City policy and oversees City affairs. All resolutions and most ordinances can be passed by the affirmative vote of seven Council members. However, emergency measures for the immediate preservation of the public peace, property, health, safety or morals and ordinances to expel a council member, to amend the zoning law when under protest, to vacate a public right of way, or to engage in temporary loans require nine affirmative votes.

As of July 1, 2016, the City has approximately 6,475 employees including the Police Department. The police are not unionized. Certain Fire personnel are union-eligible; however, not all Fire Department employees are represented by a bargaining unit. Along with the Fire Chief and his Principal Assistant, the Fire Department has administrative and clerical staff, and Deputy Chiefs that are not represented by any bargaining unit. The Fire personnel are represented by the Local 42 IAFF (approximately 1,173 members) and the 3808 IAFF Union (approximately 63 members). Approximately 1,504 City employees in labor classifications are represented by the AFSCME Local 500. The AFSCME Local Union No. 500 is the City's largest union.. The Local 42 and 3808 IAFF Union and the City have reached an agreement on a new Collective Bargaining Agreement ("CBA") that is in effect until 2020. With regards to the Local 42 IAFF CBA, the ordinance adopting the CBA for the period beginning May 1, 2015 through April 30, 2020 has been approved by the City Council, conditioned upon a change to the proposed CBA that wages are frozen in year 5 unless a new revenue stream providing new emergency medical services revenue has been implemented by the end of year 4. The AFSCME Local Union No. 500 and the City reached an agreement on a new Collective Bargaining Agreement ("CBA") that is effective from September 18, 2016 through April 30, 2020.

The City's tax structure is diverse and includes the Earnings and Profits Tax, Sales and Use Tax, Convention and Tourism Tax, General Property Tax, Gaming Tax, Motor Fuel Tax, Cigarette Tax, Occupational License Tax and Utility Taxes which includes Land-line and Wireless Telephone, Natural Gas, Steam, Cable Television and Electric Taxes.

For the purpose of providing funds for the acquisition, development, construction, operation, and maintenance of a Downtown Arena and appurtenant facilities including costs of land, infrastructure, design, engineering, finance and furnishing and equipping said facilities, qualified voters of the City approved at a general election on August 3, 2004, the modification of the license fees on rental car agencies and on hotels, motels and tourist courts referred to as the Arena Fee.

The City provides all basic municipal services, including police and fire protection, emergency medical treatment, water and sewage treatment, street construction and maintenance, traffic regulation and control, refuse collection, street lighting, public health protection, animal health and safety, property maintenance and public nuisance code enforcement, planning and maintenance of City parks and boulevards, street tree maintenance, municipal golf courses, public swimming pools and tennis courts, community center operations, management of two municipal airports, administration of zoning and building code regulations, parking garage operations, and operation of the City's convention facilities. The Police Department, although funded primarily by General Funds of the City, is a separate governmental entity governed by a Board of Police Commissioners appointed by the Governor of the State of Missouri. School districts, which serve the City, are also separate governmental entities. Truman Medical Center receives funding from a dedicated ad valorem property tax but is governed by a separate board.

SELECTED DEMOGRAPHIC STATISTICS

Kansas City, Missouri			Metropolitan Statistical Area ⁽⁷⁾		
Year	Population	Per Capita Personal Income	Year	Population	Per Capita ⁽⁸⁾ Personal Income
2007	454,314 ⁽¹⁾	24,299 ⁽³⁾	2007	1,950,032 ⁽¹⁾	27,650 ⁽³⁾
2008	456,139 ⁽¹⁾	27,298 ⁽³⁾	2008	1,969,802 ⁽¹⁾	29,084 ⁽³⁾
2009	457,963 ⁽¹⁾	25,189 ⁽³⁾	2009	1,989,572 ⁽¹⁾	27,922 ⁽³⁾
2010	459,787 ⁽²⁾	24,756 ⁽³⁾	2010	2,009,342 ⁽²⁾	27,377 ⁽³⁾
2011	462,091 ⁽⁴⁾	26,091 ⁽³⁾	2011	2,025,082 ⁽⁴⁾	28,262 ⁽³⁾
2012	464,511 ⁽⁴⁾	26,066 ⁽³⁾	2012	2,039,356 ⁽⁴⁾	28,882 ⁽³⁾
2013	467,251 ⁽⁴⁾	26,202 ⁽³⁾	2013	2,055,178 ⁽⁴⁾	29,688 ⁽³⁾
2014	470,882 ⁽⁴⁾	26,998 ⁽³⁾	2014	2,071,283 ⁽⁴⁾	30,369 ⁽³⁾
2015	475,378 ⁽⁴⁾	27,431 ⁽⁵⁾	2015	2,087,471 ⁽⁴⁾	30,749 ⁽⁵⁾
2016	477,146 ⁽⁶⁾	27,684 ⁽⁵⁾	2016	2,101,758 ⁽⁶⁾	30,979 ⁽⁵⁾

- (1) The Calendar Year 2007-2009 population estimates were provided by the City Planning and Development Department using interpolation between the censuses.
- (2) The 2010 Calendar Year population numbers are from the 2010 Census.
- (3) Fiscal Year 2007-2014 American Community Survey.
- (4) Census Bureau's 2011 to 2015 Population Estimates Program.
- (5) For 2015 and 2016 the estimates are based upon averaging two figures: (1) the 2014 American Community Survey adjusted for CPI change from 2014 to 2015 and (2) City Planning and Development Department extrapolation of the change from 2013 to 2014.
- (6) The Calendar Year 2016 estimates were provided by the City Planning and Development Department using extrapolation of the change from 2010 to 2015.
- (7) Franklin County is now included in the KS Metro area and is no longer considered part of the KC Metro area. The loss of the county is reflected in the population data.
- (8) The 2013-2016 MSA per capita numbers provided were based upon the 14 county MSA and the 2007-2012 MSA per capita numbers provided were based upon the 15 county MSA.

Sources: U.S Census Bureau; City Planning and Development Department; Consumer Price Index and Census Bureau’s annual American Community Survey and their Population Estimates Program.

COMPARISON OF METROPOLITAN AREAS

	<u>ACCRA Cost of Living Index 2016 2nd Quarter</u> ⁽¹⁾	<u>Median Price, Existing Homes 2016 2nd Quarter</u> ⁽²⁾	<u>Retail Sales (2016)</u> ⁽³⁾
Kansas City	92.3	\$188,600	\$39,725
U.S.	100.0	\$240,700	\$38,218
Atlanta	98.0	\$192,000	\$37,701
Charlotte	94.7	\$218,100	\$37,161
Chicago	119.0	\$246,400	\$39,275
Columbus	89.3	\$181,700	\$44,063
Dallas	98.5	\$232,200	\$43,748
Denver	108.7	\$394,400	\$37,657
Los Angeles	140.1	\$480,000	\$42,966
Memphis	82.2	\$160,800	\$53,265
Minneapolis	105.6	\$242,400	\$41,375
New York	226.0	\$395,400	\$41,155
Phoenix	95.9	\$234,700	\$40,081
Saint Louis	89.9	\$170,300	\$42,587
Salt Lake City	NA	\$276,900	\$50,236
San Francisco	174.7	\$885,600	\$43,799

Sources:

All information in the above table was obtained from the Kansas City Area Development Council (KCADC). For comparability to other City MSA's, Kansas City information is based on fourteen (14) county areas. Reference is further made by KCADC to the following sources:

- (1) The Council for Community and Economic Research, ACCRA.
- (2) National Association of Realtors.
- (3) Woods & Poole Economics.

THE KANSAS CITY ECONOMY

The City is a regional center for transportation, telecommunications, manufacturing, health care, trade, financial services, and government. Major companies headquartered in metropolitan Kansas City, Missouri include Cerner Corp, HCA-Midwest Health Systems, St. Luke's Health System, Sprint Nextel Corporation and Hallmark Cards, Inc. Other major employers include the Public School Systems, State/County/City Government, Federal Government, The University of Kansas Hospital and Children's Mercy Hospitals.

The City's economy provides for a consistent and well distributed earnings and employment environment for its business sectors.

The City's proximity and ready access to geographical and population centers throughout the nation make the area an attractive location for industrial product distribution and trade. The City's central location is advantageous for commuting to all parts of the United States and has enhanced its development and posture as a major transportation center with a complete range of transportation facilities, including a major highway network, railroad trunk lines, and the Kansas City International Airport (KCI). KCI handled 10.7 million passengers in fiscal year 2016. As of April 30, 2016, there were 9 passenger marketing airlines and 13 passenger operating carriers serving 45 cities with nonstop service. From May 2016 through June 2016, KCI handled 2.0 million passengers. As of June 30, 2016, there were 9 passenger marketing airlines and 14 passenger operating carriers serving 41 cities with nonstop service. Flight times from KCI are about three hours to either coastline.

MAJOR KANSAS CITY METROPOLITAN STATISTICAL AREA EMPLOYERS
Kansas City Metropolitan Area
Principal Employers ⁽³⁾

Employer	Type of Business	Number of Employees
Public School System ⁽¹⁾	Education	28,984
State/County/City Government ⁽²⁾	Government	26,082
Federal Government	Government	18,621
Cerner Corp	Health Care Information Technology	11,823
HCA Midwest Health Systems	Health Care Provider	9,310
Saint Luke's Health System	Health Care Provider	7,769
The University of Kansas Hospital	Acute-Care Hospital	6,807
Children's Mercy Hospitals & Clinic	Health Care Provider	6,696
Sprint Corp.	Wireless Telecommunication	6,000
Garmin International, Inc.	Communication and Navigation Products	3,766
DST Systems	Information Processing & Software Products	3,631
General Motors Fairfax Assembly Plant	Automotive Assembly	3,500
Black & Veatch	Global Engineering Consulting and Construction Company	3,249
The University of Kansas Medical Center	Medical, Nursing, and Health Professional Education; Biomedical Research	3,184
Truman Medical Centers	Health Care Provider	3,126
University of Missouri-Kansas City	Four-year Public University	3,093
Research Medical Center	Health Care Provider	2,876
North Kansas City Hospital	Health Care Provider	2,782

(1) The number of local employees for the public school systems is made up of twelve (12) public school systems and school districts.

(2) The number of local employees for the State/County/City Government is made up of seven (7) employers.

(3) The information presented in this table speaks only as of the date indicated in the source.

Source: Top Public-Sector Employers, Kansas City Business Journal, July 22, 2016 and Top 100 Area Private Sector Employers, Kansas City Business Journal, July 29, 2016. The data compiled is self-reported.

Note: Ford Motor Company and the Kansas City Public School District are not listed because they chose not to participate in the survey.

EMPLOYMENT INFORMATION

The following table shows the annual average non-farm employment for the metropolitan area for 2011 to 2015.

ANNUAL AVERAGE NON-FARM EMPLOYMENT METROPOLITAN AREA ⁽¹⁾

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Manufacturing	69,600	69,000	68,900	71,700	74,200
Trade, Transport & Utilities	193,400	195,300	196,900	201,900	206,300
Information	24,600	24,700	24,400	22,700	20,400
Finance	71,500	73,800	73,800	73,500	75,200
Professional & Business Services	158,500	165,800	171,200	177,000	182,900
Educational & Health Services	132,600	134,800	137,500	142,000	146,500
Leisure & Hospitality	93,800	97,100	98,800	101,500	103,400
Government	148,300	147,000	145,600	144,900	146,400
Mining, Logging & Construction	37,300	38,700	41,100	43,200	45,500
Other Services	44,100	43,300	42,000	41,200	41,200
Total Non-farm	973,700	989,500	1,000,200	1,019,600	1,042,000

(1) Restated from last year's report.

Sources: U.S. Department of Labor, Bureau of Labor Statistics.

The following table depicts average annual unemployment rates for the last ten calendar years.

AVERAGE ANNUAL UNEMPLOYMENT RATES

<u>Year</u>	<u>Kansas City</u>	<u>MSA</u>	<u>United States</u>
2007	6.5	5.1	4.6
2008	7.7	5.9	5.8
2009	9.8	8.7	9.3
2010	10.0	8.7	9.6
2011	8.9	7.8	8.9 ⁽¹⁾
2012	7.3	6.5	8.1
2013	7.3	6.3	7.4
2014	6.7	5.6	6.2
2015	5.5 ⁽¹⁾	4.8 ⁽¹⁾	5.3
2016	4.9 ⁽²⁾	4.4 ⁽²⁾	5.0 ⁽²⁾

⁽¹⁾ Restated

⁽²⁾ Average of January thru July 2016

Source: U.S. Department of Labor, Bureau of Labor Statistics.

The following table shows the valuation of building construction for the last ten fiscal years:

Property Valuation
BUILDING CONSTRUCTION VALUATION
(Amounts Expressed in Thousands)

Fiscal Year	Commercial Valuation	Residential Valuation	Total
2007	749,898	345,252	1,095,150
2008	900,097	354,808	1,254,905
2009	710,284	240,803	951,087
2010	398,961	158,783	557,744
2011	467,065	125,639	592,704
2012	582,122	160,203	742,325
2013	648,705	145,492	794,197
2014	537,642	168,295	705,937
2015	728,658	469,350	1,198,008
2016	896,485	641,186	1,537,671

Sources: Development Services Division, City Planning and Development Department, City of Kansas City, Missouri.

The following table shows the locally assessed value of both real and personal taxable property for the last ten fiscal years:

ASSESSED VALUE OF TAXABLE PROPERTY
(Amounts Expressed in Thousands)

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Value
2007	5,051,611	1,438,517	6,490,128
2008	5,535,951	1,555,199	7,091,150
2009	5,600,250	1,578,677	7,178,927
2010	5,372,466	1,507,749	6,880,215
2011	5,412,663	1,464,297	6,876,960
2012	5,352,712 ⁽¹⁾	1,488,480	6,841,192
2013	5,341,906 ⁽¹⁾	1,465,705	6,807,611
2014	5,320,033 ⁽¹⁾	1,486,460	6,806,493
2015	5,355,304	1,527,037	6,882,341
2016	5,577,639	1,621,792	7,199,431

(1) Restated from last year's report

Sources: Original data obtained from aggregate assessed valuation reports provided by each county clerk and on file with the State of Missouri and the Statistical Data Section of the City of Kansas City, Missouri Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2016.

BUDGETING, ACCOUNTING AND AUDITING PROCEDURES

Budget Process

The City Charter requires that the City Council adopt an annual budget for the City's May 1 through April 30 fiscal year. In fulfilling this requirement, the City's year-round budget and planning process consists of five phases:

Five Year financial plan. The City Charter requires that the Mayor and Council adopt a five-year financial plan by November 1 of each year. Adoption of the annual budget will include consideration of the five-year financial plan and priorities established by the Council by ordinance.

Budget Development. The five year financial plan now drives the budget process, ensuring that the priorities established by the Council receive the attention, funding, and systems that make their achievement possible. The Finance Department issues budget instructions to city departments, boards, and commissions to be used in estimating revenues and requesting the appropriations necessary to fulfill their needs in the next fiscal year. Departments prepare their budget requests based on estimates of work to be performed and associated cost. The amounts requested must be justified in terms of the results to be achieved.

Budget Review. The Finance Department performs technical and policy reviews of departmental budget requests and forwards recommendations to the City Manager. The Director of Finance and the City Manager confer with departmental staff to formulate a balanced budget.

Budget Consideration and Adoption. The City Manager transmits the budget request to the Mayor and the City Council not later than the second regular meeting in February. The City Council conducts a review of the budget, including hearings with the City Manager and department officers. Upon completion of its review of the budget the City Council holds at least one public hearing and, in any case not later than the first regular meeting in March, places on file in the office of the City Clerk the annual budget ordinance and holds hearings with the public. At the fourth regular meeting in March, the City Council adopts the annual budget ordinance with or without alteration or amendment.

Administration of the Budget. After the budget has been adopted by the City Council, the approved appropriations and revenues are entered into the City's financial accounting system. The Finance Department reports to the City Council not later than twenty days after the close of each month, a financial report on the financial condition of the City as of the last day of each month. The Finance Department performs a quarterly budget analysis of revenues and appropriations, makes new estimates, and recommends necessary budget adjustments to ensure the City's budget remains in balance. Strict budgetary compliance is maintained through the checks and balances of administrative regulations, Finance Department Manuals of Instruction, and an automated accounting system.

Accounting Procedures and Annual Audit

Under the requirements of Governmental Accounting Standards Board Statement No. 34 (GASB 34) – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, a dual reporting perspective is required for financial statement presentation. This dual perspective includes both a fund basis perspective and an entity wide perspective. Fiscal year 2002-03 was the first year of implementation of GASB 34 for the City.

Under the fund basis perspective, the City reports on a modified accrual basis of accounting for the various Governmental fund types and the accrual basis of accounting is utilized by the Proprietary and Fiduciary fund types. Under the entity wide perspective, the accrual basis of accounting is utilized.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and that financial statements present fairly the results of operations of the various funds of the City. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The Charter requires an annual audit of the City's financial statements by an independent certified public accountant. In addition to meeting the requirements set forth in the Charter, the City has obtained an audit in accordance with the provisions of the Office of Management and Budget Circular A-133.

INFORMATION ON GOVERNMENTAL FUNDS

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Five Fiscal years in thousands)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:					
Taxes	543,326	570,305	596,715	647,423	668,756
Licenses, permits, and franchises	137,754	134,646	139,441	142,381	141,291
Fines and forfeitures	15,809	13,678	15,158	19,586	16,199
Rents and concessions	19,230	15,006	14,734	15,586	16,088
Investment earnings	(2,085)	4,119	827	2,951	1,903
Charges for services	80,377	78,453	88,320	88,231	89,221
Intergovernmental	105,080	95,321	91,168	73,965	89,522
Special assessments	7,231	6,978	9,888	10,549	10,129
Contributions	27,313	23,891	11,155	7,959	7,770
Other revenues	21,508	17,447	16,431	19,094	14,561
Total revenues	<u>955,543</u>	<u>959,844</u>	<u>983,837</u>	<u>1,027,725</u>	<u>1,055,440</u>
Expenditures:					
General government	114,800	122,827	115,493	114,117	124,103
Fire	128,851	142,029	141,345	152,202	152,949
Public works	85,871	100,787	117,007	93,450	89,198
Codes administration	—	—	—	—	—
Neighborhood development	65,070	58,519	52,706	52,407	53,486
Health	52,778	53,097	53,067	52,913	53,286
Culture and recreation	38,582	38,933	44,113	45,470	45,128
Convention facilities	30,478	29,628	30,285	30,013	31,423
Pollution control	—	—	—	—	—
Economic development	2,486	—	8,001	11,684	12,212
Police	192,747	205,089	211,196	214,923	218,604
Intergovernmental	44,746	46,158	47,807	46,610	56,386
Capital Improvement Expenditures	221,417	100,399	131,578	135,453	165,446
Debt service:					
Principal retirement	72,544	80,777	75,354	77,626	82,029
Interest	62,522	65,047	63,258	65,042	61,696
Fiscal agent fees	2,249	1,923	1,674	1,352	1,828
Bond issuance costs	3,640	—	1,489	160	1,714
Swap settlement payment	5,306	—	—	—	—
Payment to refunding bond escrow agent	—	—	6,200	501	—
Total expenditures	<u>1,124,087</u>	<u>1,045,213</u>	<u>1,100,573</u>	<u>1,093,923</u>	<u>1,149,488</u>
Excess of revenues over (under) expenditures	<u>(168,544)</u>	<u>(85,369)</u>	<u>(116,736)</u>	<u>(66,198)</u>	<u>(94,048)</u>
Other financing sources (uses):					
Issuance of debt	191,873	2,282	115,934	19,334	150,854
Issuance of refunding debt	285,639	—	65,485	13,295	276,055
Premium on bond issue	10,512	—	6,705	—	8,814
Discount on bond issue	—	—	(94)	—	(67)
Premium/discount on bond issue	—	—	—	—	—
Payment to refund bond escrow agent	(304,776)	—	(67,621)	(13,295)	(312,627)
Premium on refunding bond issue	19,359	—	3,090	—	38,902
Discount on refunding bond issue	—	—	(541)	—	(358)
Fund removal of variable rate demand bonds	—	—	25,520	6,090	—
Fund recognition of variable rate demand bonds	—	(25,520)	(6,090)	—	—
Proceeds of capital leases	—	—	—	—	—
Transfers in	160,387	153,502	159,363	156,017	172,288
Transfers out	(160,387)	(153,502)	(159,363)	(156,017)	(172,288)
Intergovernmental transfers	—	—	—	—	—
Total other financing sources (uses)	<u>202,607</u>	<u>(23,238)</u>	<u>142,388</u>	<u>25,424</u>	<u>161,573</u>
Restatement of beginning fund balance	—	—	—	—	—
Net change in fund balance	<u>34,063</u>	<u>(108,607)</u>	<u>25,652</u>	<u>(40,774)</u>	<u>67,525</u>
Debt service expenditures (principal and interest only)	135,066	145,824	138,612	142,668	143,725
Capital Improvement Expenditures	221,417	100,399	131,578	135,453	165,446
Net operating expenditures	902,670	944,814	968,995	958,470	984,042
Debt Service as a percentage of net operating expenditures:	15.0%	15.4%	14.3%	14.9%	14.6%

Source: Statistical Data Section of the City of Kansas City, Missouri Comprehensive Annual Report Fiscal Year 2016.

Sources of revenue for the City’s governmental funds are widely diversified as shown in the following table:

GOVERNMENTAL FUND REVENUES
(Amount Expressed in Thousands)

	<u>2015</u>	<u>2016</u>	<u>Increase or (Decrease)</u>	<u>Percentage Increase or (Decrease)</u>
Revenues:				
Taxes	647,423	668,756	21,333	3.30%
Licenses, permits, and franchises	142,381	141,291	(1,090)	(0.77)%
Fines and forfeitures	19,586	16,199	(3,387)	(17.29)%
Rents and concessions	15,586	16,088	502	3.22%
Investment earnings	2,951	1,903	(1,048)	(35.51)%
Charges for services	88,231	89,221	990	1.12%
Intergovernmental	73,965	89,522	15,557	21.03%
Special assessments	10,549	10,129	(420)	(3.98)%
Contributions	7,959	7,770	(189)	(2.37)%
Other revenues	<u>19,094</u>	<u>14,561</u>	<u>(4,533)</u>	<u>(23.74)%</u>
Total revenues	1,027,725	1,055,440	27,715	2.70%

Revenues for the City's governmental funds during fiscal year 2016 totaled \$1.055 billion, an increase of 2.70% over fiscal year 2015.

Source: Statistical Data Section of the City of Kansas City, Missouri, Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2016.

The City's governmental funds are used to account for expenditures of traditional government services as shown in following table:

GOVERNMENTAL FUND EXPENDITURES
(Amount Expressed in Thousands)

	<u>2015</u>	<u>2016</u>	<u>Increase or (Decrease)</u>	<u>Percentage of Increase or (Decrease)</u>
Expenditures:				
General government	114,117	124,103	9,986	8.75%
Fire	152,202	152,949	747	0.49%
Public works	93,450	89,198	(4,252)	(4.55)%
Neighborhood development	52,407	53,486	1,079	2.06%
Health	52,913	53,286	373	0.70%
Culture and recreation	45,470	45,128	(342)	(0.75)%
Convention facilities	30,013	31,423	1,410	4.70%
Economic Development	11,684	12,212	528	4.52%
Police	214,923	218,604	3,681	1.71%
Intergovernmental	46,610	56,386	9,776	20.97%
Capital Improvement Expenditures	135,453	165,446	29,993	22.14%
Debt service:				
Principal retirement	77,626	82,029	4,403	5.67%
Interest	65,042	61,696	(3,346)	(5.14)%
Fiscal agent fees	1,352	1,828	476	35.21%
Bond issuance costs	160	1,714	1,554	971.25%
Payment to refunding bond escrow agent	501	—	(501)	(100.00)%
Total expenditures	1,093,923	1,149,488	55,565	5.08%

Expenditures for the City's governmental funds during fiscal year 2016 totaled \$1.149 billion, an increase of 5.08% over fiscal year 2015.

Source: Statistical Data Section of the City of Kansas City, Missouri, Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2016.

The fund balances of the General Fund and other selected operating funds for the last five years are shown in the following table:

FUND BALANCES
Governmental Funds
Budget Basis ⁽¹⁾
(Amount Expressed in Thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund	\$41,205 ⁽²⁾	\$43,432 ⁽⁴⁾	\$41,418 ⁽⁵⁾	\$55,885 ⁽⁶⁾	\$57,778 ⁽⁷⁾
General Fund Expenditures & Transfers Out (actual)	\$453,686	\$469,532	\$478,271	\$483,189	\$529,197
Fund Balance as a Percent Of Expenditures & Transfers	9.08%	9.25%	8.66%	11.57%	10.92%
<u>Other Operating Funds</u>					
Park Funds ⁽³⁾	\$15,011	\$12,141	\$13,328	\$17,738	\$20,884
Motor Fuel Tax	----	----	1,122	4,016	6,190
Public Mass Transit ⁽⁸⁾	5,015	4,085	1,790	7,313	2,202
Convention and Tourism	6,930	4,487	4,228	5,954	5,638
Capital Improvements	72,826	59,794	41,777	45,947	39,679
Other	22,775	11,252	24,773	35,164	44,676
General Debt & Interest	1,000	1,000	500	500	500
Total General & Other Selected Operating Funds	\$164,762	\$136,191	\$128,936	\$172,517	\$177,547

- (1) The City budgets on a cash basis.
- (2) The general fund balance was adjusted to \$39.1 million on May 1, 2012 or 8.62% of General Fund expenditures and transfers out. This was the result of an ending balance of \$41.2 million less \$7.7 million of re-appropriations of unspent appropriations plus \$5.6 million of re-estimation of uncollected revenue.
- (3) Several Parks Funds, which were classified under "Other" in previous reports, were moved from the "Other" category to the "Parks Funds" category.
- (4) The general fund balance was adjusted to \$40.5 million on May 1, 2013 or 8.63% of General Fund expenditures and transfers out. This was the result of an ending balance of \$43.4 million less \$4.5 million of re-appropriations of unspent appropriations plus \$1.6 million of re-estimation of uncollected revenue.
- (5) The general fund balance was adjusted to \$40.5 million on May 1, 2014 or 8.47% of General Fund expenditures and transfers out. This was the result of an ending balance of \$41.4 million less \$3.2 million of re-appropriations of unspent appropriations plus \$2.3 million of re-estimation of uncollected revenue.
- (6) The general fund balance was adjusted to \$54.6 million on May 1, 2015 or 11.30% of General Fund expenditures and transfers out. This was the result of an ending balance of \$55.9 million less \$1.9 million of re-appropriations of unspent appropriations plus \$0.6 million of re-estimation of uncollected revenue.
- (7) The general fund balance was adjusted to \$55.9 million on May 1, 2016 or 10.56% of General Fund expenditures and transfers out. This was the result of an ending balance of \$57.8 million less \$1.9 million of re-appropriations of unspent appropriations plus \$7 thousand of re-estimation of uncollected revenue.
- (8) Fund name changed in FY 2013 to Street Maintenance Fund from Public Mass Transit Fund.

Source: Required supplementary information and combining individual funds statements and schedules of the City of Kansas City, Missouri Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2016.

PROPERTY TAX VALUATIONS AND REVENUES

Assessment Procedure

All taxable real and personal property within the City is assessed annually by the County Assessors. Missouri Law requires that property be assessed at the following percentages of true value:

Personal property.....	33-1/3%
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 state legislature adopted a maintenance law in 1986 requiring biennial reassessment of real property. Beginning January 1, 1987, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within the county in accordance with the biennial assessment and equalization maintenance plan approved by the State Tax Commission.

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.

Every person owning or holding real property or tangible personal property on January 1 of any calendar year shall be liable for taxes. Certain properties, such as those used for charitable, educational and religious purposes are excluded from both the real estate ad valorem tax and personal property tax.

History of Property Valuations

The following table shows the total assessed valuation, by category, of all taxable, tangible property located in the City according to the assessment on January 1, 2015 (fiscal year 2016):

Real Property	\$5,577,638,847
Individual and Business Personal Property	1,494,169,038
Railroad and Utility Property-Personal	<u>127,622,650</u>
TOTAL	\$7,199,430,535

The total assessed valuation and estimated true valuation of all taxable, tangible property located in the City, according to the assessments on January 1 for the last ten years are shown in the following table:

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
(Amount Expressed in Thousands)

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate⁽¹⁾	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2007	5,051,611	1,438,517	6,490,128	1.51	27,290,484	23.78%
2008	5,535,951	1,555,199	7,091,150	1.46	29,826,561	23.77%
2009	5,600,250	1,578,677	7,178,927	1.47	30,299,672	23.69%
2010	5,372,466	1,507,749	6,880,215	1.47	29,018,324	23.71%
2011	5,412,663	1,464,297	6,876,960	1.53	29,093,406	23.64%
2012	5,352,712 ⁽²⁾	1,488,480	6,841,192 ⁽²⁾	1.55	28,923,054 ⁽²⁾	23.65% ⁽²⁾
2013	5,341,906 ⁽²⁾	1,465,705	6,807,611 ⁽²⁾	1.59	28,814,637 ⁽²⁾	23.63% ⁽²⁾
2014	5,320,033 ⁽²⁾	1,486,460	6,806,493 ⁽²⁾	1.59	28,680,718 ⁽²⁾	23.73% ⁽²⁾
2015	5,355,304	1,527,037	6,882,341	1.60	28,971,795	23.76%
2016	5,577,639	1,621,792	7,199,431	1.58	30,278,212	23.78%

(1) Per \$100 of assessed valuation.

(2) Restated

Source: Original data was obtained from aggregate assessed valuation reports provided by each county clerk and on file with the State of Missouri and the Statistical Data Section of the City of Kansas City, Missouri Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2016.

Property Tax Levies and Collections

Tax Collection Procedure. The City is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the City's general obligation debt for the ensuing budget year.

City real estate taxes are collected by each County Collector of Revenues, who then disburse such revenue to the City Treasurer. Real estate and personal property taxes are due and payable to the Counties and State on November 1 and become delinquent after December 31 of the year in which they are levied.

Tax Rates. The following table shows the City's tax levies over the past ten years:

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Fiscal Year	City Direct Rates				Total Direct Tax Rate ⁽¹⁾⁽²⁾	Overlapping Rates		
	General	Health	Debt & Interest	Museum		Jackson County	Clay County	Platte County
2007	0.6519	0.6946	0.1400	0.0190	1.5055	7.9101	8.0144	7.0947
2008	0.6320	0.6728	0.1400	0.0184	1.4632	7.8368	8.2323	6.8183
2009	0.6342	0.6751	0.1400	0.0185	1.4678	7.8748	8.2383	6.8198
2010	0.6342	0.6751	0.1400	0.0185	1.4678	7.9131	8.2496	6.8723
2011	0.6663	0.7046	0.1400	0.0185	1.5294	7.9818	8.3175	7.3449
2012	0.6786	0.7135	0.1400	0.0188	1.5509	7.9908	8.3396	7.3571
2013	0.7079	0.7200	0.1400	0.0196	1.5875	8.0288	8.3776	7.3951
2014	0.7134	0.7200	0.1400	0.0198	1.5932	8.0365 ⁽³⁾	8.3824 ⁽³⁾	7.4729 ⁽³⁾
2015	0.7197	0.7200	0.1400	0.0200	1.5997	8.0288 ⁽³⁾	9.0232 ⁽³⁾	7.5299 ⁽³⁾
2016	0.7103	0.7106	0.1400	0.0197	1.5806	7.9873	8.9026	7.9473

(1) In addition to this total, there are special levies on assessed value of land exclusive of improvements of \$0.50 per \$100 for park maintenance and \$0.25 per \$100 for trafficway maintenance and a boulevard tax of \$1.00 per front foot. These special levies apply to Fiscal Years 2007-2012. Effective January 1, 2013 these special levies were replaced by a park sales tax of ½ cent.

(2) Per \$100 of assessed valuation.

(3) Restated

Sources: Revenue Division, Finance Department, City of Kansas City, Missouri.

The tax rate for municipal operating purposes cannot exceed \$1.00 per \$100 assessed valuation; in fiscal year 2016, the City levied 71.03 cents of this limit. The City levies an annual tax for the purpose of operating hospitals and public health facilities. In 2016, the City levied 50 cents per \$100 assessed valuation, plus an additional 21.06 cents per \$100 assessed valuation for a temporary nine (9) year health levy approved by the voters on April 2, 2013. For museum purposes in fiscal year 2016, the City levied 1.97 cents of the statutory maximum 10 cents per \$100 assessed valuation. There is no legal limitation on the tax rate for the payment of principal and interest on general obligation debt. In fiscal year 2016, the City levied 14 cents per \$100 assessed valuation.

A Missouri constitutional amendment limiting taxation and government spending, limits the rate of growth of the total amount of taxes which may be imposed in any fiscal year. The limit may not be exceeded without a majority vote. Provisions are included in the amendment for rolling back levy rates to produce an amount of revenue equal to that of the previous year plus allowable growth due to inflation. The assessed valuations of new construction, new personal property, and newly annexed areas are exempt from this limitation.

Tax Collection Record. The following table sets forth tax collection information for the last ten fiscal years:

City of Kansas City, Missouri
Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage</u>
2007	96,838,391	92,173,452	95.18	4,664,938	96,838,390	100.00
2008	105,763,238	99,263,296	93.85	6,385,266 ⁽³⁾	105,648,562 ⁽³⁾	99.89 ⁽³⁾
2009	105,546,449	97,077,970	91.98	8,468,479	105,546,449	100.00
2010	99,987,436	95,397,312	95.41	4,590,123	99,987,435	100.00
2011	105,234,537	96,394,935	91.60	7,585,649 ⁽³⁾	103,980,584 ⁽³⁾	98.81 ⁽³⁾
2012	105,208,148	99,284,461	94.37	5,923,688 ⁽²⁾	105,208,149 ⁽²⁾	100.00 ⁽²⁾
2013	108,182,593	102,091,241	94.37	5,955,292 ⁽³⁾	108,046,533 ⁽³⁾	99.87 ⁽³⁾
2014	109,208,635	102,295,652	93.67	5,236,332 ⁽³⁾	107,531,984 ⁽³⁾	98.46 ⁽³⁾
2015	109,799,591	104,046,643	94.76	3,527,521	107,574,164	97.97
2016	113,653,073	107,818,348	94.87	(see footnote 1)	107,818,348	94.87

(1) Fiscal Year 2016 tax collections made in Fiscal Year 2017 will be reflected in Fiscal Year 2016 of next year's report.

(2) Restated from Fiscal Year 2014 Report.

(3) Restated from Fiscal Year 2015 Report

Sources: The Revenue Division, Finance Department and the Statistical Data Section of the City of Kansas City, Missouri Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2016.

Principal taxpayers for the current fiscal year 2016 and ten years prior are shown in the following table:

	<u>Fiscal year 2016</u>		<u>Fiscal year 2007</u>
Business services	\$ 4,964	Government	\$ 3,771
Healthcare	4,368	Retail	2,574
Government	4,277	Government	2,176
Engineering	3,899	Information technology	2,110
Government	2,272	Healthcare	1,942
Commercial printing	2,172	Education	1,728
Aircraft manufacturing/ engineering	2,027	Information technology	1,595
Entertainment	1,955	Manufacturing	1,577
Banking	1,913	Healthcare	1,492
Healthcare	1,795	Financial services	1,443
Total top ten companies by industry classification	\$ <u>29,642</u>		\$ <u>20,408</u>
Total withholding tax	\$ 182,780		\$ 150,888
Percentage of top ten companies to total withholding tax	16.22%		13.53%

Taxpayer confidentiality prevents the disclosure of amounts by company name.

Sources: Division of Accounts, Revenue Division and Treasury Division, Finance Department and the Statistical Data Section of the City of Kansas City, Missouri Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2016.

CASH MANAGEMENT, RISK MANAGEMENT, AND PENSION PLANS

Cash Management

The goal of the City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The City maintains pooled and restricted investments in accordance with state law, the City Charter, the Code of Ordinances and the City's Investment Policy.

The investment portfolio, at book value, excluding pensions and trusts, totaled \$1,109,005,146 on April 30, 2016, and was distributed in the following instruments:

Collateralized Money Market Account	\$ 10,003,268
Certificates of Deposit	5,000,000
U.S. Treasury Obligations	235,327,558
U.S. Agencies	<u>858,674,320</u>
Total	\$1,109,005,146

The weighted average yield on these investments as of April 30, 2016 was 1.08 percent. Total earnings from investments were \$7,329,108, a 7.57 percent increase from the prior Fiscal Year 2015.

Source: Treasury Division, Finance Department, City of Kansas City, Missouri.

Risk Management (Property and Liability Coverage)

The City maintains all risk property insurance for property damage claims related to City buildings and contents, including Aviation Department property. The City also provides insurance for employee fraud, public official and notary bonding, a tenant and user policy for special events, excess general liability insurance, and excess workers' compensation claims.

The City purchases commercial property insurance for buildings, together with their contents with a limit of \$750,000,000 and \$175,000,000 on boilers and machinery. The City pays an annual premium and assumes a \$150,000 deductible. The policy is renewable annually.

The City is afforded governmental tort immunity pursuant to Section 537.600, RSMo. However, this state statute specifically waives the City's immunity for damages resulting from its negligence arising out of the operation of a motor vehicle and damages caused by the dangerous condition of its property. The City's liability for these damages cannot exceed the maximum amounts established in Section 537.610, RSMo, which are \$410,185 per person and \$2,734,567 per occurrence.

Therefore, the City has adopted a risk management program with regard to third party claims for damage and loss. This program would apply to any third party claims for damage or loss based on the negligence of the City or of its employees, officers and agents. The City has a retained risk fund to satisfy claims. Any third party loss exceeding the fund assets would be paid by appropriation passed by the City Council.

EMPLOYEE RETIREMENT AND PENSION PLANS

Employee Retirement and Firefighters' Pension Plans and the Police & Civilian Employees' Retirement System

The City has two contributory defined benefit pension plans, the Employees' Retirement System and the Firefighters' Pension System (the "City Pension Plans"), covering substantially all employees. Contributions to the City Pension Plans are made by the City and covered employees. The contributions are calculated to fund normal cost and amortization of unfunded prior service costs. The City receives annual actuarial reports on the present value of accumulated plan benefits and net assets available for benefits.

Two contributory defined benefit pension plans ("Police Pension Plans") have been established by the Missouri General Assembly for the employees of the Kansas City, Missouri Police Department: the Police Retirement System of Kansas City, Missouri and the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri. The participating employees and the City of Kansas City, Missouri make contributions to the Police Pension Plans. The Board of Trustees contracts for annual actuarial valuations to determine the present value of accumulated plan benefits and net assets available for benefits. The contribution rates are calculated to fund normal costs and to amortize the unfunded actuarial accrued liability.

The four retirement plans adopted the provisions of Governmental Accounting Standards Board Statement No. 67 - *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* (GASB Statement No. 67) for their stand-alone financial reports for the fiscal year ended April 30, 2015. The City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB Statement No. 68) for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended April 30, 2016. Extensive financial information about and detailed descriptions of the City Pension Plans and Police Pension Plans, references to financial reports relating to the plans, and information regarding the adoption of GASB Statement No. 68 by the City may be found in footnote 10 and the required supplementary information section (RSI) of the CAFR for the fiscal year ended April 30, 2016.

The City implemented plan design changes to the City Pension Plans and the Police Pension Plans during Fiscal Year 2014. Prior to Fiscal Year 2014, the City's pension funding policy was to contribute based on a level percentage of payroll. As a result, in some years, the Pension Plans received more than the Annual Required Contribution (ARC) and in other years, the Pension Plans received less than the full amount of the ARC. Plan design changes for the Police Pension Plans were approved by the Missouri General Assembly and the Governor in August 2013 and were implemented on September 1, 2013. Plan design changes for the City Pension Plans were approved by affected labor unions and were approved by the City Council on February 20, 2014. The plan design changes for all four pension plans include a requirement that the City fully fund the ARC (changed in Fiscal Year 2015 to Actuarially Determined Contribution ("ADC")). Other changes include a Tier 2 benefit plan for new employees and increased contributions from all employees. Since the City's pension reform measures were implemented late in Fiscal Year 2014, the full amount of the ARC was contributed to the Police Pension Plans beginning September 1, 2013, and to the City Pension Plans beginning with Fiscal Year 2015. State statutes and City ordinances now require the full funding of the ADC on all four plans. For Fiscal Years 2015 and 2016, the full amount of ADC was contributed to all four plans. For Fiscal Year 2017, it is expected that the full amount of the ADC will be contributed to all four plans.

The following historical tables provide information regarding the above-referenced pension plans. The last table presented, the Historical Funding Progress-Actuarial Value table, is provided to reflect the basis for the ADC of each of the four retirement plans. As a result of the City's adoption of the provisions of GASB Statement No. 68, the presentation of information in the historical tables in this Appendix C filed on EMMA as part of the Annual Information for the Fiscal Year ended April 30, 2016 has been revised from the presentation of information in the historical tables in Appendix C filed on EMMA as a part of the Annual Information for the Fiscal Year ended April 30, 2015.

Historical Valuation Calculation Based on GASB 67

Pension Systems						
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
	<i>(in thousands)</i>					
Valuation Date	Plan Fiduciary Net Position	Total Pension Liability	Net Pension Liability	Ratio of Plan Fiduciary Net Position to Total Pension Liability	Covered Payroll⁽³⁾	Employers' Net Pension Liability as a Percentage of Covered Payroll
Employees' Retirement System						
4/30/2015	1,085,133	1,191,821	106,688	91 %	167,629	64 %
4/30/2016	1,023,610	1,268,591	244,981	81 %	166,853	147 %
Firefighters' Pension System						
4/30/2015	483,018	604,987	121,970	80 %	59,410	205 %
4/30/2016	462,024	625,656	163,632	74 %	59,294	276 %
Police Retirement System						
4/30/2015	793,880	1,125,374	331,494	71 %	91,750	361 %
4/30/2016	772,791	1,202,620	429,829	64 %	91,952	467 %
Civilian Employees' Retirement System						
4/30/2015	123,941	169,733	45,792	73 %	26,461	173 %
4/30/2016	122,135	180,214	58,079	68 %	25,748	226 %

Sources:

- 1) City of Kansas City, Missouri Employees' Retirement System GASB 67 and 68 Report as of April 30, 2016 prepared by Cheiron
- 2) City of Kansas City, Missouri Firefighters' Pension System GASB 67 and 68 Report as of April 30, 2016 prepared by Cheiron
- 3) The Police Retirement System of Kansas City, Missouri GASB No. 67 Report as of April 30, 2016 prepared by Cavanaugh Macdonald Consulting, LLC
- 4) The Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri GASB No. 67 Report as of April 30, 2016 prepared by Cavanaugh Macdonald Consulting, LLC

Note::

- 1) GASB 67 historical valuation started in Fiscal Year 2015.
- 2) The City's net pension liability as of April 30, 2016, for financial reporting purposes, was measured as of April 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation prepared as of April 30, 2014, rolled forward one year using standard actuarial techniques for the Civilian Employees Retirement System, rolled forward one year for the Police Retirement System and updated to April 30, 2015 for the Employees Retirement and Firefighters' Pension Systems. Values attributed to April 30, 2016 in this table are stated for informational purposes only.
- 3) Amounts reported as Covered Payroll are based upon pensionable payroll. April 30, 2015 Valuation Date amounts have been restated.

Annual Employer Contribution Status

Pension Systems					
(a)	(b)	(a-b)			Amount
	<i>(in thousands)</i>				of Actual Employer
Fiscal Year	Actuarially	Actual	Amount	Amount	Contribution
Ended	Determined	Employer	Unfunded /	Unfunded as a	as % of
	Contributions	Contribution	(Overfunded)	% of Total Primary Govt.	Total Primary Govt.
				Expenses	Expenses
Employees' Retirement System					
4/30/2007	17,653	18,496	(843)	-0.07%	1.45%
4/30/2008	15,624	20,012	(4,388)	-0.35%	1.58%
4/30/2009	19,365	20,330	(965)	-0.07%	1.57%
4/30/2010	29,589	19,186	10,403	0.82%	1.52%
4/30/2011	27,772	18,823	8,949	0.71%	1.49%
4/30/2012	26,327	20,543	5,784	0.45%	1.58%
4/30/2013	27,683	23,744	3,939	0.28%	1.72%
4/30/2014	27,568	25,988	1,580	0.11%	1.88%
4/30/2015	27,568	27,569	(1)	0.00%	1.98%
4/30/2016	24,541	24,578	(37)	0.00%	1.66%
Firefighters' Pension System					
4/30/2007	9,419	9,467	(48)	0.00%	0.74%
4/30/2008	8,735	9,938	(1,203)	-0.10%	0.79%
4/30/2009	9,476	10,320	(844)	-0.07%	0.80%
4/30/2010	17,124	10,465	6,659	0.53%	0.83%
4/30/2011	12,828	10,298	2,530	0.20%	0.82%
4/30/2012	14,046	11,604	2,442	0.19%	0.89%
4/30/2013	15,400	13,120	2,280	0.16%	0.95%
4/30/2014	16,182	11,796	4,386	0.32%	0.85%
4/30/2015	16,162	16,259	(97)	-0.01%	1.17%
4/30/2016	16,581	16,632	(51)	0.00%	1.12%
Police Retirement System					
4/30/2007	21,429	14,527	6,902	0.54%	1.14%
4/30/2008	23,181	15,747	7,434	0.59%	1.25%
4/30/2009	24,619	16,701	7,918	0.61%	1.29%
4/30/2010	22,154	16,645	5,509	0.44%	1.31%
4/30/2011	32,020	16,532	15,488	1.23%	1.31%
4/30/2012	28,277	16,477	11,800	0.91%	1.27%
4/30/2013	31,653	16,934	14,719	1.06%	1.22%
4/30/2014	35,062	22,242	12,820	0.93%	1.61%
4/30/2015	28,933	28,933	-	0.00%	2.08%
4/30/2016	30,272	30,272	-	0.00%	2.04%
Civilian Employees' Retirement System					
4/30/2007	3,820	2,682	1,138	0.09%	0.21%
4/30/2008	4,137	3,372	765	0.06%	0.27%
4/30/2009	4,289	3,471	818	0.06%	0.27%
4/30/2010	3,616	3,330	286	0.02%	0.26%
4/30/2011	4,748	3,185	1,563	0.12%	0.25%
4/30/2012	4,361	3,146	1,215	0.09%	0.24%
4/30/2013	4,956	3,283	1,673	0.12%	0.24%
4/30/2014	5,658	4,122	1,536	0.11%	0.30%
4/30/2015	4,931	4,931	-	0.00%	0.35%
4/30/2016	5,048	5,048	-	0.00%	0.34%

Notes:

- 1) In Fiscal year 2015, GASB 67/68 changed the term Annual Required Contribution (ARC) to Actuarially Determined Contribution (ADC).
- 2) The City does not have any deferred or contingent contributions.
- 3) The amounts for actuarially determined calculations and actual employer contributions were restated to reflect the data in the required supplementary information in the ten year look back table, as part of the adoption of GASB 68, in the required supplementary information in the City of Kansas City, Missouri Comprehensive Annual Financial Report for FYE 2016.
- 4) The last two columns have been revised to provide historical comparisons of actual employer contributions of each plan to primary government expenditures. Historical data of General Fund expenses can found in the Financial Statements in the City of Kansas City, Missouri Comprehensive Annual Financial Reports.

Sources:

- 1) Required Supplementary Information in the City of Kansas City, Missouri Comprehensive Annual Financial Report for FYE 2016.
- 2) Fiscal Years 2007-2016 Financial Statements in the City of Kansas City, Missouri Comprehensive Annual Financial Reports.

Historical Funding Progress - Actuarial Value

Pension Systems						
(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]	
<i>(in thousands)</i>						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Employees' Retirement System						
5/1/2007	823,014	847,393	24,379	97 %	158,780	15 %
5/1/2008	873,680	934,334	60,654	94 %	169,867	36 %
5/1/2009	704,069	966,779	262,710	73 %	160,201	164 %
5/1/2010	749,552	994,768	245,216	75 %	153,948	159 %
5/1/2011	806,792	1,010,996	204,204	80 %	163,114	125 %
5/1/2012	847,090	1,070,752	223,663	79 %	161,134	139 %
5/1/2013	900,061	1,115,165	215,104	81 %	166,878	129 %
5/1/2014	962,152	1,149,884	187,732	84 %	167,629	112 %
5/1/2015	1,026,046	1,185,744	159,698	87 %	166,853	96 %
5/1/2016	1,055,814	1,268,159	212,345	83 %	164,248	129 %
Firefighters' Pension System						
5/1/2007	412,408	447,939	35,531	92 %	49,421	72 %
5/1/2008	447,209	478,734	31,525	93 %	51,169	62 %
5/1/2009	348,489	500,194	151,704	70 %	53,613	283 %
5/1/2010	435,428	516,600	81,172	84 %	51,934	156 %
5/1/2011	432,541	528,481	95,940	82 %	51,983	185 %
5/1/2012	420,337	535,215	114,878	79 %	60,063	191 %
5/1/2013	418,712	547,788	129,076	76 %	58,356	221 %
5/1/2014	452,378	583,168	130,790	78 %	59,410	220 %
5/1/2015	476,356	603,418	127,061	79 %	59,295	214 %
5/1/2016	488,879	624,244	135,366	78 %	57,625	235 %
Police Retirement System						
4/30/2007	698,079	807,902	109,823	86 %	80,112	137 %
4/30/2008	742,060	850,764	108,704	87 %	86,701	125 %
4/30/2009	641,177	893,559	252,382	72 %	89,884	281 %
4/30/2010	722,464	915,463	192,999	79 %	90,475	213 %
4/30/2011	715,764	940,609	224,845	76 %	88,445	254 %
4/30/2012	734,376	972,128	237,752	76 %	87,881	271 %
4/30/2013	749,617	964,302	214,685	78 %	90,708	237 %
4/30/2014	773,338	1,006,243	232,905	77 %	96,150	242 %
4/30/2015	803,673	1,037,257	233,584	77 %	97,103	241 %
4/30/2016	821,895	1,076,824	254,929	76 %	96,005	266 %
Civilian Employees' Retirement System						
4/30/2007	89,111	110,394	21,283	81 %	25,472	84 %
4/30/2008	97,990	117,627	19,637	83 %	27,046	73 %
4/30/2009	86,333	124,990	38,658	69 %	27,581	140 %
4/30/2010	100,516	131,223	30,707	77 %	26,136	117 %
4/30/2011	102,523	137,040	34,518	75 %	25,239	137 %
4/30/2012	108,018	142,908	34,889	76 %	25,255	138 %
4/30/2013	113,171	148,663	35,492	76 %	26,461	134 %
4/30/2014	119,076	155,264	36,188	77 %	27,077	134 %
4/30/2015	126,030	160,471	34,441	79 %	27,887	124 %
4/30/2016	130,605	165,082	34,477	79 %	27,165	127 %

Sources:

- 1) City of Kansas City, Missouri Employees' Retirement System Actuarial Valuation Report as of May 1, 2016 prepared by Cheiron
- 2) City of Kansas City, Missouri Firefighters' Pension System Actuarial Valuation Report as of May 1, 2016 prepared by Cheiron
- 3) Police Retirement System of Kansas City, Missouri Actuarial Valuation Report as of April 30, 2016 prepared by Cavanaugh Macdonald Consulting, LLC
- 4) Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri Actuarial Valuation Report as of April 30, 2016 prepared by Cavanaugh Macdonald Consulting, LLC
- 5) Fiscal Year 2007-2015 Comprehensive Annual Financial Report

Note:

1) The City's net pension liability as of April 30, 2016, for financial reporting purposes, was measured as of April 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation prepared as of April 30, 2014, rolled forward one year using standard actuarial techniques for the Civilian Employees Retirement System, rolled forward one year for the Police Retirement System and updated to April 30, 2015 for the Employees Retirement and Firefighters' Pension Systems. Values attributed to April 30, 2016 in this table are stated for informational purposes only.

In June 2004, the Governmental Accounting Standards Board (“GASB”) issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (“OPEB”). This statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. Specifically, the City is required to measure and disclose an amount for annual OPEB cost on the accrual basis for health benefits that will be provided to retired employees in future years. The disclosure requirement for the City began with the fiscal year ending April 30, 2008.

The following table displays specific information from the City's three most recent OPEB actuarial reports:

OTHER POST EMPLOYMENT BENEFITS (OPEB)
(Amount Expressed in Thousands)

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability (AAL) entry age</u>	<u>(b)-(a) Unfunded AAL (UAAL)</u>	<u>(a)/(b) Funded Ratio</u>	<u>(c) Covered Payroll</u>	<u>[(b)-(a)]/(c) UAAL as a Percentage of Covered Payroll</u>
<i>City of Kansas City - Employee/Firefighter Other Post-Employment Benefits</i>						
4/30/2010 ⁽¹⁾	-	76,574	76,574	-	205,882	37.19 %
4/30/2012	-	105,013	105,013	-	221,197	47.47 %
4/30/2014	-	97,828	97,828	-	227,039	43.09%
<i>City of Kansas City – Police/Civilian Other Post-Employment Benefits</i>						
4/30/2010	-	54,184	54,184	- %	116,611	46.47 %
4/30/2012	-	55,129	55,129	-	113,136	48.73%
4/30/2014	-	46,301	46,301	-	114,100	40.58%

(1) The April 30, 2010 actuarial valuation included the following changes in assumptions:

1. Medicare eligibility: In the prior valuations, it was assumed that 25% of firefighter retirees hired before 1987 would not be eligible for Medicare. It was determined that this assumption was not holding true for the current retirees (all were Medicare eligible). For the 2010 valuation, all retirees are assumed to be eligible for Medicare at attainment of age 65.
2. Participation and election assumptions: In the prior valuations, it was assumed that 90% of eligible retirees would elect coverage at retirement and that 100% of those electing would elect 2-person coverage. This was determined to be overly conservative for an access only plan (a plan where the retiree pays the full blended premium), and was not being observed in the actual retiree elections. For the 2010 valuation, 50% participation was assumed with 85% of males participating electing 2-person coverage and 55% of females participating electing 2-person coverage.

The Employee/Firefighter annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years indicated were as follows:

Schedule of Employer Contributions					
(In thousands)					
Fiscal year ending		Annual OPEB Cost (AOC)	Percentage of AOC Contributed		Net OPEB (obligation)
4/30/2008	\$	16,017	13%	\$	(13,916)
4/30/2009		21,988	15%		(32,504)
4/30/2010		21,336	16%		(50,440)
4/30/2011		7,381	29%		(55,669)
4/30/2012		7,544	32%		(60,820)
4/30/2013		9,579	69%		(63,761)
4/30/2014		9,955	68%		(66,928)
4/30/2015		8,730	78%		(68,809)
4/30/2016		8,855	68%		(71,667)

The Police/Civilian OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations for 2011 to 2016 were as follows:

Police/Civilian Annual OPEB Cost and Net OPEB Obligation					
(In thousands)					
Fiscal year Ended		Annual OPEB Cost (AOC)	Percentage of AOC Contributed		Net OPEB (Obligation)
4/30/2011	\$	6,422	8%	\$	(5,901)
4/30/2012		6,590	24%		(10,926)
4/30/2013		6,343	18%		(16,099)
4/30/2014		6,525	19%		(21,387)
4/30/2015		5,185	22%		(25,455)
4/20/2016		5,232	23%		(29,493)

Note: Under Governmental Accounting Standards Board Statement (GASB) No. 45, the difference between the premium rate charged to retirees and the estimated rate that would be applicable to those retirees if acquired of them as a separate group is an implicit rate subsidy, which is considered an other postemployment benefit (OPEB) under the standard. Prior to May 1, 2011, the Kansas City Board of Police Commissioners required the retirees to pay 30% more than premiums charged for active employees. The Board eliminated the 30% surcharge effective May 1, 2011.

For additional information regarding the Kansas City, Missouri OPEB, please refer to the City's 2016 Comprehensive Annual Financial Report.

Source: Note Disclosures and Required Supplementary Information Section of the City of Kansas City, Missouri Comprehensive Annual Financial Report for Fiscal Year ended April 30, 2016.

DEBT INFORMATION

Debt Structure of the City

General Obligation Bonds. The City is authorized to issue general obligation bonds payable from ad valorem taxes to finance capital improvements upon a four-sevenths (4/7) majority vote of qualified voters at the general municipal election day, primary or general elections and a two-thirds (2/3) majority vote at all other elections. At this time, the City does not have any voted general obligation bond authority.

Neighborhood Improvement District Bonds. The City may also issue certain neighborhood improvement district (“NID”) bonds without a vote and these bonds are payable as to both principal and interest from special assessments against real property benefitted by the acquisition and construction of improvements and, if not so paid, from current income and revenues and surplus funds of the City. The City indebtedness of NID bonds shall be treated equally as general obligation indebtedness, except that the City is not authorized to impose any new or increased ad valorem property tax to pay principal and interest on the NID bonds without voter approval.

As of April 30, 2016 (fiscal year end), the City had an outstanding total aggregate principal amount of \$346,915,000 of general obligation bonds, which includes the outstanding balance of \$230,000 Neighborhood Improvement District Bonds.

Revenue Bonds, Notes and Loans. Other than refunding bonds, the City’s general obligation and revenue bonds require a vote of the electorate. All revenue bonds issued by the City are payable out of the revenues derived from the operation of the facility that is financed from the proceeds of such bonds. Revenue bonds do not carry the full faith and credit of the City in servicing the bonded indebtedness and such bonds are not considered in determining the legal debt margin.

As of April 30, 2016, the City had an outstanding total of \$978,466,000 aggregate principal amount of revenue bonds which includes \$352,470,000 in water revenue bonds, \$430,676,000 in sewer revenue bonds, and \$195,320,000 in airport revenue bonds. To match funds from grants for storm water projects, the City entered into loans with the Missouri Department of Natural Resources (“MDNR”). As of April 30, 2016, the City had an outstanding balance of \$2,568,200 aggregate principal amount of MDNR storm water loans.

As of April 30, 2016, the City had remaining voted authority for \$240,416,000 in airport revenue bonds, \$440,210,000 in water revenue bonds, \$ 324,737,000 in sewer bonds and \$5,000,000 in museum revenue bonds.

On February 24, 2017 the City issued \$78,130,000 of its Water Revenue System Bonds, Series 2017A (“Water Revenue Series 2017A Bonds”). The Water Revenue Series 2017A Bonds provided funds for extending and improving the City’s Waterworks System. The remaining voted authority for Water Revenue bonds is \$362,080,000 as of March 1, 2017. The Water Revenue bonds will have an outstanding balance, as of April 30, 2017, of \$414,115,000.

Lease Revenue Bonds and Equipment Leases. The City may enter into financing arrangements for building projects through lease-leaseback purchase agreements with not-for-profit corporations or bond issuing authorities, which may issue tax-exempt bonds without voter approval to finance City projects. The City has financed several projects through the Kansas City Municipal Assistance Corporation (“KCMAC”). The City makes annual lease payments under these lease arrangements in an amount required to pay debt service on the bonds. The City’s obligations under these leases are subject to annual appropriation and must be budgeted each year and do not constitute an indebtedness of the City beyond the current lease term. As of April 30, 2016, the City had an outstanding balance of KCMAC bonds of \$101,471,041.

From time to time, the City enters into lease purchase agreements for real property and equipment, such as the purchase of land, buildings, communications equipment, vehicles, and computer hardware. As of April 30, 2016, the City had an outstanding aggregate principal total of \$62,596,139 of such equipment leases.

Limited Obligation Notes and Bonds. As of April 30, 2016, the City had outstanding total of \$1.085 billion aggregate principal in limited obligation notes and bonds that do not constitute an indebtedness of the City beyond the requirement to annually appropriate the required debt service.

In March 2017, the City will issue its taxable Special Obligation Bonds, Series 2017A (“Series 2017A”), Special Obligation Bonds, Series 2017B (“Series 2017B”), Special Obligation Refunding Bonds, Series 2017C (“Series 2017C”) and Series 2017D (“Series 2017D”).

The taxable Series 2017A bonds will provide funds to finance the costs of certain projects including the construction of a Linwood shopping center and a provision of capitalized interest, improvements to facilities at 18th Street and Vine in Kansas City, Missouri and the cash funding of a debt service reserve with respect to the KCMAC Series 2004B-1 bonds. The estimated par amount of the taxable Series 2017A bonds is \$31,925,000.

The Series 2017B bonds will provide funds to finance the costs of certain City projects including upgrades to it’s Peoplesoft enterprise management system and 311 Call Center, improvements to the Kansas City Museum, improvements to the City’s Parks and Recreation Department security cameras and fiber-optics infrastructure, replacement of various fueling stations, and refunding a portion of it’s Special Obligation Series 2014D bonds. The estimated par amount of the Series 2017B bonds is \$19,420,000.

The Series 2017C Refunding bonds will refund the following bonds and maturities:

- Industrial Development Authority Refunding Bonds, Series 2005A:
 - Advance refund 2017-2032 maturities (\$ 96,040,000) potentially resulting in estimated net present value savings of \$ 5,098,874.20.
- The estimated par amount of the Series 2017C bonds is \$90,030,000.

The Series 2017D Refunding bonds will refund the following bonds and maturities:

- Industrial Development Authority Refunding Bonds, Series 2007A:
 - Advance refund 2018-2022 maturities (\$17,425,000) potentially resulting in estimated net present value savings of \$ 732,486,16.
- The estimated par amount of the Series 2017D bonds is \$16,575,000.

After the issuance of the Special Obligation Series 2017 Bonds, the City's limited obligation notes and bonds will have an estimated \$1.072 billion aggregate principal in limited obligation notes and bonds, as of April 30, 2017, that do not constitute an indebtedness of the City beyond the requirement to annually appropriate the required debt service.

TITLE	OUTSTANDING AS OF 4/30/17 (\$000)
Various Capital Projects, taxable Series 2017A	31,925
Various Capital Projects, Series 2017B	19,420
Refunding Project, Series 2017D (Midtown)	16,575
Various Refunding Projects, Series 2016C	19,820
Various Capital Projects, taxable Series 2016B	31,110
Various Capital Projects, Series 2016A	56,130
Various Capital Projects, Series 2015A	16,515
Various Capital Projects, Series 2014D	2,616
Various Capital Projects, Series 2014A and 2014B	72,190
Various Capital Projects, Series 2013B and 2013C	51,781
Various Capital Projects, Series 2012A and 2012B	60,993
Various Capital Projects, Series 2010A, 2010B and 2010C	15,586
Performing Arts Center Garage, Series 2009E	47,317
Chouteau, Series 2009C and 2009D	6,855
President Hotel, Series 2009B	12,975
909 Walnut, Series 2009A	4,800
Bartle Hall, Series 2008E and 2008F	105,521
Downtown Arena, Series 2016E and 2008D	192,855
East Village, Series 2016D	24,980
Muehlebach and Auditorium Plaza Garage, LCRA Series 2005E	4,446
KC Live Entertainment District, IDA Series 2011A and Special Obligation Series 2014C, 2017C	270,320
Third and Wyandotte Garage, PIEA Series 2005	4,050
HUD Note	2,131
MTFC Loan	1,467
Total	\$1,072,372

Debt Service Requirements

The following debt service tables show the principal and interest requirements for each respective fiscal year for City's outstanding debt as of March 1, 2017:

**PRINCIPAL AND INTEREST REQUIREMENTS ON OUTSTANDING OBLIGATIONS
March 1, 2017**

Fiscal Year	Outstanding Long-Term General Obligation Bonds			% of Principal Retired
	Principal	Interest	Total	
2017	30,660,000	14,755,120	45,415,120	
2018	24,430,000	13,554,970	37,984,970	
2019	26,500,000	12,537,370	39,037,370	
2020	28,270,000	11,329,320	39,599,320	
2021	29,690,000	10,496,183	40,186,183	40.23%
2022	31,165,000	9,613,033	40,778,033	
2023	32,120,000	8,335,663	40,455,663	
2024	32,070,000	6,732,685	38,802,685	
2025	30,275,000	5,250,355	35,525,355	
2026	31,850,000	3,845,613	35,695,613	85.62%
2027	19,740,000	2,353,013	22,093,013	
2028	13,500,000	1,395,113	14,895,113	
2029	4,730,000	750,413	5,480,413	
2030	4,950,000	535,275	5,485,275	
2031	5,195,000	295,975	5,490,975	99.49%
2032	1,770,000	61,950	1,831,950	
	<u>\$ 346,915,000</u>	<u>\$ 101,842,048</u>	<u>\$ 448,757,048</u>	100.00%

- (1) Interest payments are shown on a gross basis; no deduction has been made for expected federal interest subsidy payments for the Series 2010B Bonds issued as Recovery Zone Economic Development Bonds (RZEDB's).

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt Airport Revenue Bonds			% of Principal Retired
	Principal	Interest	Total	
2017	23,530,000	9,314,785	32,844,785	
2018	24,740,000	8,105,098	32,845,098	
2019	25,995,000	6,830,084	32,825,084	
2020	27,330,000	5,488,073	32,818,073	
2021	16,655,000	4,376,444	21,031,444	60.54%
2022	11,775,000	3,658,875	15,433,875	
2023	12,380,000	3,055,000	15,435,000	
2024	13,015,000	2,420,125	15,435,125	
2025	13,700,000	1,735,125	15,435,125	
2026	14,440,000	996,450	15,436,450	93.98%
2027	5,725,000	467,119	6,192,119	
2028	6,035,000	158,419	6,193,419	
	<u>\$ 195,320,000</u>	<u>\$ 46,605,595</u>	<u>\$ 241,925,595</u>	100.00%

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt Water Revenue Bonds			% of Principal Retired
	Principal	Interest	Total	
2017	16,485,000	14,877,126	31,362,126	
2018	19,610,000	16,722,648	36,332,648	
2019	19,625,000	16,645,268	36,270,268	
2020	20,425,000	15,854,824	36,279,824	
2021	21,245,000	15,011,020	36,256,020	22.62%
2022	20,515,000	14,047,592	34,562,592	
2023	21,315,000	13,207,645	34,522,645	
2024	21,005,000	12,232,171	33,237,171	
2025	19,790,000	11,225,112	31,015,112	
2026	16,785,000	10,332,560	27,117,560	45.70%
2027	17,470,000	9,618,469	27,088,469	
2028	18,340,000	8,838,753	27,178,753	
2029	16,240,000	8,004,350	24,244,350	
2030	16,945,000	7,286,925	24,231,925	
2031	17,705,000	6,541,663	24,246,663	65.84%
2032	18,500,000	5,772,931	24,272,931	
2033	19,295,000	5,013,194	24,308,194	
2034	15,155,000	4,217,331	19,372,331	
2035	15,780,000	3,690,950	19,470,950	
2036	16,415,000	3,081,988	19,496,988	85.61%
2037	17,095,000	2,418,975	19,513,975	
2038	14,765,000	1,736,300	16,501,300	
2039	11,690,000	1,164,125	12,854,125	
2040	8,660,000	715,875	9,375,875	
2041	4,775,000	389,800	5,164,800	98.85%
2042	4,970,000	198,800	5,168,800	
	<u>\$ 430,600,000</u>	<u>\$ 208,846,390</u>	<u>\$ 639,446,390</u>	100.00%

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt Sanitary Sewer Revenue Bonds			% of Principal Retired
	Principal	Interest	Total	
2017	21,090,100	17,040,317	38,130,417	
2018	19,550,000	17,034,550	36,584,550	
2019	20,105,300	16,392,719	36,498,019	
2020	20,005,800	15,653,588	35,659,388	
2021	20,316,700	14,785,212	35,101,912	23.47%
2022	19,548,000	13,948,133	33,496,133	
2023	19,414,600	13,188,912	32,603,512	
2024	18,401,700	12,450,956	30,852,656	
2025	18,009,000	11,635,421	29,644,421	
2026	17,056,700	10,843,104	27,899,804	44.93%
2027	17,795,000	10,089,222	27,884,222	
2028	18,643,500	9,250,944	27,894,444	
2029	19,547,600	8,348,390	27,895,990	
2030	20,192,000	7,481,990	27,673,990	
2031	20,200,000	6,582,181	26,782,181	67.31%
2032	21,105,000	5,685,094	26,790,094	
2033	19,805,000	4,747,256	24,552,256	
2034	20,665,000	3,889,306	24,554,306	
2035	16,755,000	3,068,700	19,823,700	
2036	17,360,000	2,461,675	19,821,675	89.53%
2037	18,065,000	1,750,950	19,815,950	
2038	8,680,000	1,025,269	9,705,269	
2039	9,010,000	694,819	9,704,819	
2040	9,355,000	353,231	9,708,231	
	<u>\$ 430,676,000</u>	<u>\$ 208,401,938</u>	<u>\$ 639,077,938</u>	100.00%

(1) The City participated in the State of Missouri Direct Loan Program and purchased \$16,000,000 Sewage System State Revolving Fund (“SRF”) Bonds in 2009. The City did not utilize a portion of the bond proceeds for which it was originally approved. In January 2014, the trustee provided a re-amortized schedule. The numbers above reflect the re-amortized final bond balance of \$14,387,758.

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt Storm Water Loan			% of Principal Retired
	Principal	Interest	Total	
2017	403,600	40,784	444,384	
2018	409,800	34,297	444,097	
2019	416,000	27,710	443,710	
2020	423,200	21,015	444,215	
2021	428,600	14,212	442,812	81.04%
2022	348,000	7,316	355,316	
2023	22,000	1,792	23,792	
2024	23,000	1,477	24,477	
2025	23,000	1,155	24,155	
2026	23,000	833	23,833	98.13%
2027	24,000	504	24,504	
2028	24,000	168	24,168	
	<u>\$ 2,568,200</u>	<u>\$ 151,263</u>	<u>\$ 2,719,463</u>	100.00%

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt MTFC Loan			% of Principal Retired
	Principal	Interest	Total	
2017	1,418,488	121,210	1,539,698	
2018	1,467,455	61,633	1,529,089	
	<u>\$ 2,885,944</u>	<u>\$ 182,843</u>	<u>\$ 3,068,786</u>	100.00%

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt KCMAC Leasehold Revenue Bonds			% of Principal Retired
	Principal	Interest	Total	
2017	-	1,853,000	1,853,000	
2018	11,095,000	1,853,000	12,948,000	
2019	15,855,000	1,298,250	17,153,250	
2020	10,110,000	505,500	10,615,500	
2021	7,033,183	8,391,817	15,425,000	43.45%
2022	6,888,451	9,201,549	16,090,000	
2023	6,739,498	10,055,502	16,795,000	
2024	5,719,817	9,485,183	15,205,000	
2025	-	-	-	
2026	6,583,309	13,256,691	19,840,000	69.01%
2027	6,421,104	14,218,896	20,640,000	
2028	6,326,780	15,143,220	21,470,000	
2029	6,233,252	16,101,748	22,335,000	
2030	6,105,467	17,114,533	23,220,000	
2031	6,010,211	18,139,790	24,150,000	99.66%
2032	349,971	1,140,029	1,490,000	
	<u>\$ 101,471,041</u>	<u>\$ 137,758,709</u>	<u>\$ 239,229,750</u>	100.00%

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt Lease Purchase Agreements			% of Principal Retired
	Principal	Interest	Total	
2017	7,290,018	1,438,105	8,728,123	
2018	6,735,586	1,285,474	8,021,059	
2019	6,927,370	1,142,787	8,070,156	
2020	7,191,088	999,932	8,191,020	
2021	6,989,992	840,292	7,830,284	56.13%
2022	5,767,145	693,672	6,460,817	
2023	10,072,996	568,752	10,641,748	
2024	2,971,241	307,316	3,278,557	
2025	2,209,704	242,216	2,451,920	
2026	6,441,001	193,386	6,634,387	100.00%
	<u>\$ 62,596,139</u>	<u>\$ 7,711,932</u>	<u>\$ 70,308,071</u>	100.00%

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Outstanding Long-Term Debt Limited Obligations Notes and Bonds

Year	Outstanding Long-Term Debt																Outstanding Long-Term Debt		% of Principal Retired	
	Other Limited Obligations Notes and Bonds		Sp Ob Refunding Series 2017A ⁽¹⁾		Sp Ob Refunding Series 2017B ⁽²⁾		Sp Ob Refunding Series 2017C ⁽²⁾		Sp Ob Refunding Series 2017D ⁽²⁾		IDA Refunding Series 2005A		IDA Refunding Series 2007A		Special Obligation Refunding Series 2014D		Other Limited Obligations Notes and Bonds			Total
	Principal	Interest ⁽¹⁾	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2017	53,766,420	46,569,484	-	-	-	-	-	-	-	-	0	0	0	(418,825)	0	0	53,766,420	46,150,659	99,917,079	
2018	53,699,923	48,734,736	370,000	1,399,042	2,130,000	922,921	-	4,226,408	3,230,000	847,167	(1,535,000)	(4,608,850)	(3,395,000)	(837,650)	(1,504,000)	(5,703)	52,995,923	50,678,071	103,673,994	
2019	59,848,857	47,178,909	900,000	1,355,645	2,265,000	791,825	-	4,501,500	3,455,000	667,250	(2,400,000)	(4,532,100)	(3,615,000)	(667,900)	0	0	60,453,857	49,295,129	109,748,986	
2020	59,918,601	45,125,919	920,000	1,334,746	2,380,000	675,700	-	4,501,500	3,695,000	494,500	(4,080,000)	(4,412,100)	(3,860,000)	(487,150)	0	0	58,973,601	47,233,115	106,206,717	
2021	63,508,703	42,915,374	945,000	1,310,528	1,965,000	567,075	-	4,501,500	3,020,000	309,750	(4,500,000)	(4,208,100)	(3,195,000)	(294,150)	0	0	61,743,703	45,101,978	106,845,681	
2022	50,881,352	40,734,109	970,000	1,282,112	1,575,000	478,575	-	4,501,500	3,175,000	158,750	(4,940,000)	(3,983,100)	(3,360,000)	(134,400)	0	0	48,301,352	43,037,545	91,338,898	
2023	49,699,931	39,248,578	1,005,000	1,249,955	1,650,000	397,950	6,125,000	4,348,375	-	-	(5,410,000)	(3,749,100)	0	0	0	0	53,069,931	41,495,758	94,565,689	
2024	50,979,290	37,464,712	1,040,000	1,214,606	495,000	344,325	6,675,000	4,028,375	-	-	(5,925,000)	(3,465,075)	0	0	0	0	53,264,290	39,586,943	92,851,232	
2025	67,067,117	35,540,622	1,075,000	1,175,673	520,000	318,950	7,275,000	3,679,625	-	-	(6,475,000)	(3,168,825)	0	0	0	0	69,462,117	37,546,044	107,008,161	
2026	49,950,592	32,710,510	1,120,000	1,133,347	550,000	292,200	7,900,000	3,300,250	-	-	(7,040,000)	(2,845,075)	0	0	0	0	52,480,592	34,591,232	87,071,824	
2027	45,869,305	30,715,136	1,165,000	1,087,864	575,000	264,075	8,575,000	2,888,375	-	-	(7,655,000)	(2,493,075)	0	0	0	0	48,529,305	32,462,375	80,991,680	
2028	48,198,025	28,764,712	1,215,000	1,039,300	605,000	234,575	9,290,000	2,441,750	-	-	(8,270,000)	(2,148,600)	0	0	0	0	51,038,025	30,331,737	81,369,761	
2029	47,201,722	30,671,940	1,270,000	987,032	635,000	203,575	10,050,000	1,958,250	-	-	(8,920,000)	(1,776,450)	-	0	-	0	50,236,722	32,044,347	82,281,069	
2030	44,615,976	17,568,272	1,320,000	930,616	670,000	170,950	10,855,000	1,435,625	-	-	(9,620,000)	(1,357,350)	-	0	-	0	47,840,976	18,748,113	66,589,090	
2031	47,755,288	15,318,662	1,380,000	870,121	700,000	136,700	11,700,000	871,750	-	-	(10,355,000)	(905,350)	-	0	-	0	51,180,288	16,291,883	67,472,171	
2032	60,304,074	13,102,226	1,445,000	805,412	740,000	100,700	5,715,000	436,375	-	-	(4,420,000)	(418,825)	-	0	-	0	63,784,074	14,025,888	77,809,962	
2033	56,622,922	10,285,594	8,335,000	574,838	360,000	73,200	5,870,000	146,750	-	-	(4,495,000)	(211,225)	-	0	-	0	66,692,922	10,869,157	77,562,079	
2034	49,616,415	7,892,087	910,000	354,647	375,000	56,700	-	-	-	-	-	-	-	-	-	-	50,901,415	8,303,433	59,204,849	
2035	20,360,000	5,730,487	955,000	307,369	395,000	41,300	-	-	-	-	-	-	-	-	-	-	21,710,000	6,079,156	27,789,156	
2036	21,470,000	4,820,412	1,005,000	257,683	410,000	25,200	-	-	-	-	-	-	-	-	-	-	22,885,000	5,103,295	27,988,295	
2037	19,620,000	3,912,190	1,060,000	205,335	425,000	8,500	-	-	-	-	-	-	-	-	-	-	21,105,000	4,126,025	25,231,025	
2038	25,145,000	2,791,965	1,115,000	150,199	-	-	-	-	-	-	-	-	-	-	-	-	26,260,000	2,942,164	29,202,164	
2039	17,345,000	1,727,227	1,170,000	92,274	-	-	-	-	-	-	-	-	-	-	-	-	18,515,000	1,819,501	20,334,501	
2040	18,245,000	833,458	1,235,000	31,307	-	-	-	-	-	-	-	-	-	-	-	-	19,480,000	864,765	20,344,765	
	\$ 1,081,689,514	\$ 590,357,320	\$ 31,925,000	\$ 19,149,649	\$ 19,420,000	\$ 6,104,996	\$ 90,030,000	\$ 47,767,908	\$ 16,575,000	\$ 2,477,417	\$ (96,040,000)	\$ (44,283,200)	\$ (17,425,000)	\$ (2,840,075)	\$ (1,504,000)	\$ (5,703)	\$ 1,124,670,514	\$ 618,728,312	\$ 1,743,398,827	100.00%

- (1) The "Interest Column" includes six (6) variable rate demand (VRDO) tax-exempt and taxable bonds. Future interest rates on these bonds were based on an all-in estimated interest rate of 4.5% to 5.15% and 4.75% to 4.98% for tax-exempt and taxable VRDO bonds, respectively. The rates include letter-of-credit ("LOC"), remarketing, surveillance and other fees. Rate assumptions are for illustration purposes and actual rates will vary.
- (2) Preliminary numbers; subject to change. The debt service on the Special Obligation Series 2017A-D bonds are based upon the City's financial advisor reports dated February 15, 2017.

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Authority

The following table summarizes the City's total bond authority as of February 24, 2017.

AUTHORIZED UNISSUED DEBT
(Amounts Expressed in Thousands)

Type/Purpose	Date	Amount	Amount Issued	Total Unissued
<u>Revenue Bonds:</u>				
Kansas City Museum	Mar. 8, 1988	5,000	0	5,000
Airport	Aug. 8, 2000	395,000	154,584	240,416
Water System	April 8, 2014	500,000	137,920	362,080
Sewer	Aug. 7, 2012	500,000	175,263	324,737 ⁽¹⁾
TOTAL		1,400,000	\$467,767	\$ 932,233

(1) Adjusted due to the re-amortization of the SRF Sanitary Sewer Revenue Bonds, Series 2009B

Source: Treasury Division, Finance Department, City of Kansas City, Missouri.

History of Indebtedness

The following tables set forth the general bonded debt information pertaining to the City as of the end of the last ten fiscal years.

RATIOS OF BONDED DEBT OUTSTANDING

(Amounts Expressed In Thousands)

Fiscal Year	General Obligation Bonds ⁽¹⁾	Other Bonds and Leases (1)(2)	Percentage of Actual Taxable Value of Property Per Capita		
			Total		
2007	289,725	1,235,918	1,525,643	5.59%	3,358
2008	311,325	1,248,317	1,559,642	5.23%	3,419
2009	294,100	1,210,235	1,504,335	4.96%	3,285
2010	309,785	1,253,247	1,563,032	5.39%	3,399
2011	342,240	1,195,101	1,537,341	5.28%	3,327
2012	449,290	1,191,494	1,640,784	5.67%	3,533
2013	434,835	1,127,454	1,562,289	5.42%	3,344
2014	407,515	1,190,595	1,598,110	5.57%	3,394
2015	378,785	1,160,888	1,539,673	5.31%	3,256
2016	346,915	1,248,643	1,595,558	5.27%	3,344

(1) The numbers are not net of unamortized premium, discount and deferred charges on refundings.

(2) Includes KCMAC leasehold revenue bonds, lease purchase agreements and other limited obligations. It also includes actual outstanding balances of bonds that were considered as "contingent liabilities" in the City of Kansas City, Missouri's CAFR from Fiscal Year 2007 to 2009. It does include the Special Facility Airport Revenue Bonds, Series 2005G. The series 2005G was classified under business type activities in the CAFR. It does not include the DNR Loan for the Water Services Department.

Due to footnote (1) and (2), the numbers on this table do not match the numbers on Table 13 of the statistical section of the 2016 Comprehensive Annual Financial Report.

Note: The Debt per Capita may change from time to time due to periodic review of the population estimates by the U.S. Census Bureau.

Source: Treasury Division, Finance Department.

Direct and Overlapping Indebtedness

Other governmental entities whose boundaries overlap the City have outstanding bonds payable from ad valorem taxes. The following statements of direct and estimated overlapping ad valorem and other net direct debt were compiled from a survey of the various taxing districts.

CITY OF KANSAS CITY, MISSOURI

Direct and Overlapping Debt General Obligation and Other Net Direct Debt

As of April 30, 2016

	General Obligation and Other Net Direct Debt(3)		Percentage Applicable to this Municipality (1)	Municipality's Share of Debt
City of Kansas City:				
Net direct debt	\$ 1,595,557,638	(2)	100.0%	1,595,557,638
County and College District:				
Clay County	3,722,779		48.0%	1,786,934
Jackson County	444,886,712		44.5%	197,974,587
Platte County	37,322,351		50.5%	18,847,787
Cass County	-		0.0%	-
Metropolitan Junior College District	62,949,149		52.0%	32,733,557
Platte County School Districts:				
A. Park Hill Reorganized No. 5	82,225,970		43%	35,357,167
B. Platte County Reorganized No. 3	63,369,999		40.0%	25,348,000
Clay County School Districts:				
C. Smithville No. 27	25,365,000		3.4%	862,410
D. North Kansas City No. 74	206,089,733		84.8%	174,764,094
E. Liberty No. 53	119,640,985		10.0%	11,964,099
Jackson County School Districts:				
F. Kansas City No. 33	56,693,674		93.0%	52,725,117
G. Raytown No. 2	78,369,855		43.8%	34,325,996
H. Independence No. 30	139,015,000		2.4%	3,336,360
I. Lee's Summit Reorganized No. 7	219,542,707		1.0%	2,195,427
J. Center No. 58	26,504,973		100.0%	26,504,973
K. Hickman Mills Consolidated No. 1	52,635,056		87.3%	45,950,404
L. Grandview Consolidated No. 4	32,343,212		53.0%	17,141,902
M. Blue Springs School Dist	120,020,000		0.0%	-
Subtotal, net direct debt	<u>1,770,697,155</u>			
Subtotal, overlapping debt				<u>681,818,814</u>
Total direct and overlapping debt				<u><u>2,277,376,452</u></u>

(1) Percentage is derived by dividing total assessed valuation of taxing jurisdiction within Kansas City by total assessed valuation of taxing jurisdiction.

(2) Consists of \$346,915,000 of general obligation bonds payable and \$1,248,642,638 of leasehold revenue bonds, lease purchase agreements, and limited obligation notes and bonds. These numbers are net of unamortized premium, discount.

(3) All debt figures are not net of available balance in the sinking fund.

Note: Due to footnote No. 2 above, the City's direct debt on this table does not match the numbers on Table 14 of the statistical section of the 2016 Comprehensive Annual Financial Report for Fiscal Year 2016.

**City of Kansas City, Missouri
Legal Debt Margin Information
Last Ten Fiscal Years**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Assessed valuation for City, county, and state purposes (see Table 8) (5)	\$ 6,490,128,000	\$ 7,091,150,000	\$ 7,178,927,000	\$ 6,880,215,000	\$ 6,876,960,000	\$ 6,841,192,000	\$ 6,807,611,000	\$ 6,806,493,000	\$ 6,882,341,000	\$ 7,199,431,000
Constitutional debt limit (1) (2)	1,298,025,600	1,418,230,000	1,435,785,400	1,376,043,000	1,375,392,000	1,368,238,400	1,361,522,200	1,361,298,600	1,376,468,200	1,439,886,200
General obligation bonds payable (3)	289,725,000	311,325,000	294,100,000	309,785,000	342,240,000	449,290,000	434,835,000	407,515,000	378,785,000	346,915,000
Less debt service fund balances available for retirement of bonds	<u>15,899,741</u>	<u>13,886,969</u>	<u>4,853,175</u>	<u>2,305,177</u>	<u>2,850,169</u>	<u>2,440,753</u>	<u>2,601,419</u>	<u>1,850,150</u>	<u>1,262,986</u>	<u>875,241</u> ⁽⁴⁾
Total amount of bonds payable applicable to debt limit	<u>273,825,259</u>	<u>297,438,031</u>	<u>289,246,825</u>	<u>307,479,823</u>	<u>339,389,831</u>	<u>446,849,247</u>	<u>432,233,581</u>	<u>405,664,850</u>	<u>377,522,014</u>	<u>346,039,759</u>
Legal debt margin	<u>\$ 1,024,200,341</u>	<u>\$ 1,120,791,969</u>	<u>\$ 1,146,538,575</u>	<u>\$ 1,068,563,177</u>	<u>\$ 1,036,002,169</u>	<u>\$ 921,389,153</u>	<u>\$ 929,288,619</u>	<u>955,633,750</u>	<u>998,946,186</u>	<u>1,093,846,441</u>

- (1) Section 26(b) and (c) of the state constitution permits the City, by a vote of the qualified electors, to incur an indebtedness for City purposes not to exceed 10% of assessed valuation.
- (2) Section 26(d) and (e) of the state constitution provides that any City may become indebted not exceeding in the aggregate an additional 10% for the purposes of acquiring the rights-of-way constructing, extending, and improving streets, avenues and sanitary or storm sewer systems, purchasing or constructing waterworks, electric, or light plants, provided the total general obligation indebtedness does not exceed 20% of assessed valuation.
- (3) The total general obligation bonds for Fiscal Year 2016 includes \$11,995,000 general obligation bonds for streetlight projects, \$334,690,000 for capital projects, and \$230,000 general obligation bonds for neighborhood improvement district projects. Amounts are not net of unamortized premium and discount.
- (4) 2012, 2013, 2014 and 2015 fund balances are of general debt and interest, special assessment sewer and neighborhood improvement district funds.
- (5) Assessed valuation restated.

Source: Statistical Section of the Kansas City, Missouri Comprehensive Annual Financial Report for Fiscal Year 2016 and Treasury Division, Finance Department, City of Kansas City, Missouri

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APPENDIX D

FORM OF CO-BOND COUNSEL OPINION

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APPENDIX D

FORM OF CO-BOND COUNSEL OPINION

[Closing Date]

City of Kansas City, Missouri
Kansas City, Missouri

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

J.P. Morgan Securities LLC
Kansas City, Missouri

\$157,950,000*
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS
consisting of:

\$31,925,000* Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A	\$19,420,000* Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B
\$90,030,000* Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C	\$16,575,000* Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the issuance by the City of Kansas City, Missouri (the "Issuer"), of the above-referenced Bonds. The Series 2017A Bonds and Series 2017B Bonds have been authorized and issued under and pursuant to the City Charter of the Issuer and the Trust Indenture dated as of March 1, 2017 (the "Series 2017A and B Indenture") by and between the Issuer and UMB Bank, N.A., as Trustee (the "Trustee"). The Series 2017C Bonds have been authorized and issued under and pursuant to the City Charter of the Issuer and the Trust Indenture dated as of March 1, 2017 (the "Series 2017C Indenture") by and between the Issuer and the Trustee. The Series 2017D Bonds have been authorized and issued under and pursuant to the City Charter of the Issuer and the Trust Indenture dated as of March 1, 2017 (the "Series 2017D Indenture") by and between the Issuer and the Trustee. The Series 2017A and B Indenture, the Series 2017C Indenture and the Series 2017D Indenture are referred to collectively herein as the "Indentures." Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the applicable Indenture.

* Preliminary, subject to change.

The proceeds of the Series 2017A Bonds will be used to provide funds (a) to acquire, construct, reconstruct and/or improve certain projects within the City (the “Taxable City Projects”), (b) to fund a debt service reserve fund for the Kansas City Municipal Assistance Corporation Tax-Exempt Leasehold Improvement Revenue Bonds (H. Roe Bartle Convention Center and Infrastructure Project) Series 2004B-1, (c) to pay capitalized interest on a portion of the Series 2017A Bonds and (d) to pay certain costs related to the issuance of the Series 2017A Bonds, as more fully described and defined in the Series 2017A and B Indenture. The proceeds of the Series 2017B Bonds will be used to provide funds (a) to acquire, construct, reconstruct and/or improve certain projects within the City and to refinance the Crisis Center Project (the “Tax-Exempt City Projects”) through the refunding of that portion of the Issuer’s Special Obligation Bond Anticipation Bonds (Streetcar System Expansion Project) Series 2014D related to the Crisis Center Project (the “Refunded Series 2014D Bonds”) and (b) to pay certain costs related to the issuance of the Series 2017B Bonds, as more fully described and defined in the Series 2017A and B Indenture. The proceeds of the Series 2017C Bonds will be used to provide funds (a) to advance refund all of the currently Outstanding Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A of The Industrial Development Authority of the City of Kansas City, Missouri (the “Refunded Series 2005A Bonds”) and (b) to pay certain costs related to the issuance of the Series 2017C Bonds, as more fully described and defined in the Series 2017C Indenture. The proceeds of the Series 2017D Bonds will be used to provide funds (a) to current refund \$17,425,000 principal amount of the currently Outstanding Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri - Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the “Series 2007A Bonds”) of The Industrial Development Authority of the City of Kansas City, Missouri maturing on April 1 in the years 2018 through 2022 (the “Refunded Series 2007A Bonds”) and (b) to pay certain costs related to the issuance of the Series 2017D Bonds, as more fully described and defined in the Series 2017D Indenture.

Reference is made to an opinion of even date herewith of the Office of the City Attorney, with respect to, among other matters, (a) the power of the Issuer to enter into and perform its obligations under the Indentures, the Tax Compliance Agreements relating to the Series 2017B Bonds, Series 2017C Bonds, and Series 2017D Bonds (collectively, the “Tax Compliance Agreements”) and the Escrow Trust Agreements and other escrow agreements relating to the Refunded Series 2005A Bonds and the Refunded Series 2007A Bonds (collectively, the “Escrow Agreements”) and (b) the due authorization, execution and delivery of the Indentures, the Tax Compliance Agreements and the Escrow Agreements by the Issuer and the binding effect and enforceability thereof against the Issuer.

In our capacity as Co-Bond Counsel, we have examined such certified proceedings and other documents as we deem necessary to render this opinion, including a certified transcript of the proceedings relating to the authorization and issuance of the Bonds, which transcript includes, among other documents and proceedings, the Indentures, the Tax Compliance Agreements and the Escrow Agreements and related proceedings, documents and certificates, and also a specimen Bond of each issue so authorized. As to questions of fact material to our opinion we have relied upon representations contained in the Indentures, the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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 Indentures.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a constitutional charter city duly and legally organized and validly existing under the laws of the State of Missouri and has lawful power and authority to issue the Bonds and to enter into the Indentures 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.

3. The Bonds of each Series are valid and legally binding limited obligations of the Issuer according to the terms thereof, payable as to principal, redemption premium, if any, and interest solely from, and secured by a valid and enforceable pledge and assignment of the applicable Trust Estate, all in the manner provided in the applicable Indenture. The Bonds do not constitute a debt or liability of the State of Missouri or of any political subdivision thereof within the meaning of any State Constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State or of any political subdivision thereof.

4. The Indentures, the Tax Compliance Agreements and the Escrow Agreements have been duly authorized, executed and delivered by the Issuer and constitute valid and legally binding agreements enforceable against the Issuer in accordance with the respective provisions thereof.

5. The interest on the Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds (the "Tax-Exempt Bonds") is excludable from gross income for federal and Missouri income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Notwithstanding our opinion that interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses). The opinions set forth in this paragraph are subject to the condition that the Issuer and the Trustee comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal and Missouri income tax purposes. The Issuer and the Trustee have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Tax-Exempt Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Tax-Exempt Bonds.

6. The interest on the Series 2017A Bonds is included in gross income for federal and Missouri income tax purposes.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indentures and the Escrow Agreements 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 call to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof which may affect the legal opinions expressed herein.

Very truly yours,

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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APPENDIX E

**FORM OF
CONTINUING DISCLOSURE UNDERTAKING**

relating to

**CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS**

\$31,925,000* Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A	\$19,420,000* Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B
\$90,030,000* Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C	\$16,575,000* Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D

THIS CONTINUING DISCLOSURE UNDERTAKING dated as of March __, 2017 (this “**Undertaking**”), is executed and delivered by the City of Kansas City, Missouri (the “**City**”) as the “**Obligated Person**” in connection with the issuance of the above-captioned bonds (the “**Bonds**”). The Bonds are being issued pursuant to Ordinance No. 170132, passed on February 23, 2017 (the “**Ordinance**”), and (1) a Trust Indenture, dated as of March 1, 2017, relating to the Series 2017A Bonds and the Series 2017B Bonds, (2) a Trust Indenture, dated as of March 1, 2017, relating to the Series 2017C Bonds and (3) a Trust Indenture, dated as of March 1, 2017, relating to the Series 2017D Bonds.

In order to permit the Purchaser to comply with the provisions of Rule 15c2-12 of the Securities Exchange Commission, as amended, in connection with the public offering of the Bonds, the City hereby covenants and agrees, for the sole and exclusive benefit of holders and Beneficial Owners of the Bonds, as follows:

Section 1. Definitions. In addition to the definitions set forth in the Ordinance and the applicable Indenture, which apply to any capitalized term used in this Undertaking unless otherwise defined, the following capitalized terms shall have the following meanings:

“**Annual Information**” means the financial information and operating data described in **Section 3** hereof.

“**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 owner of any Bonds for federal income tax purposes.

* Preliminary, subject to change

“**City**” means the City of Kansas City, Missouri, a constitutional charter city duly organized under the laws of the State of Missouri, and any successor thereto.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures established by the MSRB, which can be accessed at www.emma.msrb.org. All information to be provided to the MSRB pursuant to this Undertaking shall be submitted through EMMA in an electronic format and accompanied by identifying information, both as prescribed by the MSRB.

“**Fiscal Year**” means the City’s fiscal year, which is currently May 1 to April 30, or as it may be hereafter defined by the City.

“**GAAP**” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board.

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

“**Indenture**” means (i) with respect to the Series 2017A and Series 2017B Bonds, a Trust Indenture dated as of March 1, 2017, between the City and UMB Bank, N.A., as Trustee, (ii) with respect to the Series 2017C Bonds, a Trust Indenture dated as of March 1, 2017, between the City and UMB Bank, N.A., as Trustee and (iii) with respect to the Series 2017D Bonds, a Trust Indenture dated as of March 1, 2017, between the City and UMB Bank, N.A., as Trustee.

“**MSRB**” means the Municipal Securities Rulemaking Board, established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“**Obligated Person**” means 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 Bonds.

“**Official Statement**” means the Official Statement relating to the Bonds dated March __, 2017.

“**Purchaser**” means J.P. Morgan Securities LLC, as representative of the underwriters of the Bonds.

“**Rule**” means Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended and as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“**Series**” means, individually, the series of Series 2017A Bonds, the Series 2017B Bonds, the Series 2017C Bonds or the Series 2017D Bonds.

“**Series 2017 Bonds**” or the “**Bonds**” means collectively the City of Kansas City, Missouri Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A (the “Series 2017A Bonds”), Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B (the “Series 2017B Bonds”), Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the “Series 2017C Bonds”) and Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D (the “Series 2017D Bonds”).

Section 2. Obligations to Providing Continuing Disclosure.

(a) Obligations of the City.

(i) The City hereby undertakes, for the benefit of the holders and Beneficial Owners of each Series of the Bonds, as applicable, to provide to the MSRB, no later than 270 days after the end of each Fiscal Year, commencing with the Fiscal Year ending April 30, 2017, the Annual Information relating to such Fiscal Year.

(ii) If audited financial statements of the type described in **Section 3(a)(i)** below are to be provided as part of the Annual Information but are not available to be submitted with the rest of the Annual Information on or before the date provided in the immediately preceding subsection, unaudited financial statements shall be submitted and the audited financial statements shall be submitted to the MSRB, if and when they become available.

(iii) The Paying Agent, if other than an officer of the City, shall notify the City of the occurrence of any of the Material Events with respect to the applicable Series of Bonds listed in **Section 2(a)(iv)** hereof, promptly upon becoming aware of the occurrence of any such event.

(iv) In a timely manner not in excess of 10 business days after the occurrence of any of the following events, the City shall give, or cause to be given, to the MSRB, notice of the occurrence of any of the following events with respect to the applicable Series of Bonds (collectively, the “**Material Events**”):

- (A) principal and interest payment delinquencies;
- (B) non-payment related defaults, if material;
- (C) unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) substitution of credit or liquidity providers, or their failure to perform;
- (F) 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;
- (G) modifications to the rights of holders of the Bonds, if material;
- (H) Bond calls, if material, and tender offers;
- (I) defeasances;
- (J) release, substitution or sale of property securing repayment of the Bonds, if material;
- (K) rating changes;
- (L) bankruptcy, insolvency, receivership or similar event of the City;
- (M) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) appointment of a successor or additional trustee, or the change of name of the trustee, if material.

(v) The City shall also provide to the MSRB, as promptly as practicable, notice of any failure of the City to provide the MSRB the Annual Information required by **Section (a)(i)** or **2(a)(ii)** on or before the date specified.

(b) Termination or Modification of Disclosure Obligation. The obligations of the City hereunder with respect to a Series of Bonds may be terminated if the City is no longer an “obligated person” with respect to the Bonds of such Series within the meaning of the Rule, as amended from time to time. Upon any such termination, the City shall provide written notice thereof to the MSRB.

(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 voluntarily disseminates 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 Information.

(a) Specified Information. The Annual Information shall consist of (i) financial data of the type included in Appendix A to the Official Statement under the heading “FINANCIAL STATEMENTS OF THE CITY OF KANSAS CITY, MISSOURI” and (ii) the data of the type included in Appendix C to the Official Statement under the heading “INFORMATION REGARDING THE CITY OF KANSAS CITY, MISSOURI.”

(b) Incorporation by Reference. All or any portion of the Annual Information of the City may be provided by specific incorporation by reference to any other documents which have been filed with the MSRB and/or the Securities Exchange Commission.

(c) Information Categories. The requirements contained in this Undertaking under **Section 3(a)** are intended to set forth a general description of the type of financial information and operating data to be provided by the City and such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of **Section 3(a)** call for information that no longer can be generated or relates to operations that 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 (but only if audited financial statements are otherwise available for such Fiscal Year). The annual financial statements may be provided by specific incorporation by reference to any other documents which have been filed with the Securities and Exchange Commission and the MSRB.

Section 5. Remedies. If the City should fail to comply with a provision of this Undertaking, then any holder or Beneficial Owner of the Bonds of a Series may enforce, for the equal benefit and protection of all the holders or Beneficial Owners of the Bonds of such Series 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 Undertaking; provided that the sole and exclusive remedy for breach of this 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 conditions upon the provisions of the Trust Indenture with respect to the enforcement of remedies of holders upon the occurrence of an Event of Default thereunder as though such provisions applied hereunder. Failure of the City to perform its obligations hereunder shall not constitute an Event of Default under the applicable Indenture.

Section 6. Parties in Interest. The provisions of this Undertaking shall inure solely to the benefit of holders and Beneficial Owners from time to time of the Bonds of a Series and shall create no rights in any other person or entity.

Section 7. Amendments.

(a) Without the consent of the holders or Beneficial Owners of the Bonds of any Series, the City and the trustee for the Series of Bonds, at any time and from time to time, may together enter into amendments or changes to this Undertaking for any purposes with respect to such Series of Bonds, 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 the Rule on the date hereof, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, the Rule, 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 affected Series of Bonds.

(b) Annual 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 Information being provided for such Fiscal Year. If a change in accounting principles is included in any such amendment, such Annual 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 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 Undertaking shall remain in full force and effect with respect to each Series of Bonds until such time as all principal, redemption premium, if any, and interest on the Bonds of such Series shall have been paid in full or the Bonds of such Series shall have otherwise been paid or legally defeased pursuant to the Indenture for such Series; provided, however, that if the Rule (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 the Rule (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 of such Series, then the information to be provided hereunder, insofar

as it was required to be provided by a provision of the Rule so declared, shall no longer be required to be provided hereunder. Upon any legal defeasance, 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 regarding this Undertaking may be given as follows:

City of Kansas City, Missouri
414 East 12th Street, 1st Floor
Kansas City, Missouri 64106
Attention: City Treasurer
Telephone: (816) 513-1019
Facsimile: (816) 513-1020

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 10. Governing Law. THIS UNDERTAKING SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MISSOURI WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW; PROVIDED, HOWEVER, THAT TO THE EXTENT THIS UNDERTAKING ADDRESSES MATTERS OF FEDERAL SECURITIES LAWS, INCLUDING THE RULE, THIS UNDERTAKING SHALL BE GOVERNED BY SUCH FEDERAL SECURITIES LAWS AND OFFICIAL INTERPRETATIONS THEREOF.

Section 11. Counterparts. This Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

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

DATED: March __, 2017.

CITY OF KANSAS CITY, MISSOURI, as the
Obligated Person

By: _____

Name: Randall J. Landes

Title: Director of Finance

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APPENDIX F

BOOK-ENTRY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2017 Bonds. The Series 2017 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 each series of the Series 2017 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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.

Purchases of the Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2017 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 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2017 Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 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 2017 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 2017 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2017

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.

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 the Series 2017 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Series 2017 Bonds may wish to ascertain that the nominee holding the Series 2017 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 Bond 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 2017 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2017 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 issuer 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).

Principal and interest payments on the Series 2017 Bonds will be made to Cede & Co., or such other name as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the applicable Bond 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 applicable Bond Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the responsibility of the applicable Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and the disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2017 Bonds at any time by giving notice to the City or the applicable Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2017 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2017 Bond certificates will be printed and delivered.

THE INFORMATION IN THIS APPENDIX CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY BELIEVES

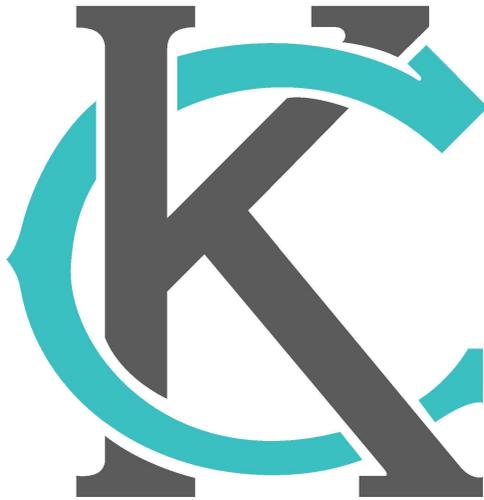
TO BE RELIABLE, BUT THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

NEITHER THE CITY NOR ANY TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE Series 2017 Bonds; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER ANY INDENTURE; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDOWNER.

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Consent of Independent Certified Public Accountants

City of Kansas City, Missouri
Kansas City, Missouri

We agree to the inclusion of our audit report dated October 31, 2016 on our audit of the financial statements of the City of Kansas City, Missouri for the year ended April 30, 2016, in the Preliminary Official Statement for the City of Kansas City, Missouri Special Obligation Bonds Series 2017A, Series 2017B, Series 2017C and Series 2017D.

BKD, LLP

Kansas City, Missouri
February 28, 2017

BOND PURCHASE AGREEMENT

relating to

CITY OF KANSAS CITY, MISSOURI

\$31,610,000
Taxable Special Obligation Bonds
(Kansas City, Missouri Projects)
Series 2017A

\$19,185,000
Special Obligation Bonds
(Kansas City, Missouri Projects)
Series 2017B

\$89,410,000
Special Obligation Refunding Bonds
(Kansas City Downtown
Redevelopment District)
Series 2017C

\$16,185,000
Special Obligation Refunding Bonds
(Midtown Redevelopment Project)
Series 2017D

March 8, 2017

City of Kansas City, Missouri
City Hall
414 East 12th Street
Kansas City, Missouri 64106

Ladies and Gentlemen:

The undersigned, J.P. Morgan Securities LLC (the “**Representative**”) acting on its own behalf and on behalf of the other underwriters listed on **Schedule I** hereto (collectively, the “**Underwriters**”), offers to enter into the following agreement (this “**Agreement**”) with the City of Kansas City, Missouri (the “**Issuer**”) which, upon the Issuer’s written acceptance of this offer, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer’s written acceptance hereof on or before 7:00 p.m. (central time) on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Indentures (as defined herein) or in the Official Statement (as defined herein).

- 1. Purchase and Sale of the Bonds.** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer’s (i) Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A (the “**Series 2017A Bonds**”), (ii) Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B (the “**Series 2017B Bonds**”), (iii) Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the “**Series 2017C Bonds**”), and (iv) Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D (the “**Series 2017D Bonds**,” together with the Series 2017A Bonds, the Series 2017B Bonds and the Series 2017C Bonds, the “**Series 2017 Bonds**” or the “**Bonds**”) to be issued by the Issuer under and pursuant to the Indentures (as defined herein). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer understands, and hereby confirms, that the Underwriters are not acting as a fiduciary of the Issuer, but rather are acting solely in their capacity as Underwriters for their own account. The Representative has been duly authorized to execute this Agreement and to act hereunder.

The principal amount of each series of the Bonds to be issued, the dated date therefor, the maturities and optional redemption provisions and interest rates per annum are set forth in **Schedule II** hereto.

The Series 2017A Bonds and the Series 2017B Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of a Trust Indenture, dated as of March 1, 2017 (the “**Series 2017A and B Indenture**”), between the Issuer and UMB Bank, N.A., as trustee (the “**Series 2017A and B Trustee**”). The purchase price for the Series 2017A Bonds shall be \$31,470,805.39 plus interest accrued, if any, on the Series 2017A Bonds from the dated date of the Series 2017A Bonds to the Closing Date (as hereinafter defined) (the net discount of \$139,194.61 represents an underwriting discount of \$139,194.61, original issue discount of \$0.00 and original issue premium of \$0.00). The purchase price for the Series 2017B Bonds shall be \$20,466,190.22 plus interest accrued, if any, on the Series 2017B Bonds from the dated date of the Series 2017B Bonds to the Closing Date (the net premium of \$1,281,190.22 represents an underwriting discount of \$61,088.08, original issue discount of \$53,148.00 and original issue premium of \$1,395,426.30).

The Series 2017C Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of a Trust Indenture, dated as of March 1, 2017 (the “**Series 2017C Indenture**”), between the Issuer and UMB Bank, N.A., as trustee (the “**Series 2017C Trustee**”). The purchase price for the Series 2017C Bonds shall be \$100,334,433.70 plus interest accrued, if any, on the Series 2017C Bonds from the dated date of the Series 2017C Bonds to the Closing Date (the net premium of \$10,924,433.70 represents an underwriting discount of \$315,824.35, original issue discount of \$337,609.25 and original issue premium of \$11,577,867.30).

The Series 2017D Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of a Trust Indenture, dated as of March 1, 2017 (the “**Series 2017D Indenture**”), between the Issuer and UMB Bank, N.A., as trustee (the “**Series 2017D Trustee**”). The purchase price for the Series 2017D Bonds shall be \$17,622,158.94 plus interest accrued, if any, on the Series 2017D Bonds from the dated date of the Series 2017D Bonds to the Closing Date (the net premium of \$1,437,158.94 represents an underwriting discount of \$40,404.76 original issue discount of \$0.00 and original issue premium of \$1,477,563.70).

The Series 2017A and B Indenture, the Series 2017C Indenture and the Series 2017D Indenture are collectively referred to herein as the “**Indentures**.” The Series 2017A and B Trustee, the Series 2017C Trustee and the Series 2017D Trustee are collectively referred to herein as the “**Trustees**.” Any reference to an Indenture or a Trustee herein shall be deemed to be a reference to the Indenture or Trustee related to the applicable series of the Bonds.

2. **Public Offering.** The Underwriters agree to make a bona fide public offering of all of the Bonds at a price not to exceed the prices set forth in **Schedule II** and may subsequently change such offering price without any requirement of prior notice. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering price set forth in **Schedule II**.

The Issuer acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm’s-length commercial transaction between the Issuer and the Underwriters, (ii) in connection with such transaction, each Underwriter is acting solely as a principal and not as an advisor (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)), agent or a fiduciary of the Issuer, (iii) the Underwriters have not assumed (individually or collectively) an advisory or fiduciary responsibility in favor of the Issuer with respect to the offering of the Bonds or the process leading thereto (whether or not any Underwriter, or any affiliate of an Underwriter, has advised or is currently advising the Issuer on other matters) or any other obligation to the Issuer except the obligations expressly set forth in this Agreement and (iv) the Issuer has consulted with its own legal

and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

3. The Official Statement.

- (a) The Issuer hereby agrees to deliver to the Underwriters the Official Statement, dated the date hereof, relating to the Bonds (which, together with the cover page, and all exhibits, appendices, maps, pictures, diagrams, reports and statements included therein or attached thereto and any amendments and supplements that may be authorized for use with respect to the Bonds are herein called the “**Official Statement**”) executed on behalf of the Issuer by a duly authorized officer thereof in such quantity that the Representative may request to enable the Underwriters to provide the Official Statement to potential customers and to comply with any rules of the Municipal Securities Rulemaking Board (the “**MSRB**”) and the Securities and Exchange Commission (the “**SEC**”). The Issuer hereby deems the information contained in the Official Statement to be “final” as of its date.

The Issuer consents to the use by the Underwriters (subject to the right of the Issuer to withdraw such consent for cause by written notice to the Representative) prior to the date upon which the Official Statement is executed and available for distribution, of the Preliminary Official Statement dated March 2, 2017 (the “**Preliminary Official Statement**”).

- (b) The Preliminary Official Statement has been prepared by the Issuer for use by the Underwriters in connection with the public offering, sale and distribution of the Bonds. The Issuer hereby represents and warrants that the Preliminary Official Statement was deemed final by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 promulgated by the SEC under the Exchange Act (as defined herein) (17 C.F.R. § 240.15c2-12) (as in effect and interpreted from time to time, the “**Rule**”).
- (c) The Issuer represents that the governing body of the Issuer hereby authorizes the Official Statement to be used by the Underwriters in connection with the public offering and the sale of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer’s acceptance of this Agreement (but, in any event, not later than within seven business days after the Issuer’s acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriters in such quantity as the Representative shall request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB. The Issuer hereby confirms that it does not object to the distribution of the Official Statement in electronic form.
- (d) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the “end of the underwriting period” for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Representative (and for

the purposes of this clause provide the Representative with such information as it may from time to time request), and if, in the opinion of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Representative), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

- (e) The Representative hereby agrees to file the Official Statement with the MSRB. Unless otherwise notified in writing by the Representative, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the Closing Date.

4. Representations, Warranties, and Covenants of the Issuer. The Issuer hereby represents and warrants to and covenants with the Underwriters that:

- (a) The Issuer is a constitutional charter city established under the laws of the State of Missouri (the "**State**") duly created, organized and existing under the laws of the State, and has full legal right, power and authority, and at the Closing Date will have full legal right, power and authority (i) to enter into, execute and deliver (A) this Agreement, (B) the Indentures, (C) the Continuing Disclosure Undertaking (the "**Undertaking**"), (D) the Escrow Trust Agreement, dated as of March 1, 2007 (the "**Series 2005A Escrow Agreement**"), between the Issuer and UMB Bank, N.A., as escrow agent, related to the Refunded Series 2005A Bonds (as defined in the Series 2017C Indenture), (E) the Escrow Trust Agreement, dated as of March 1, 2017 (the "**Series 2007A Escrow Agreement**," together with the Series 2005A Escrow Agreement, the "**Escrow Agreements**"), between the Issuer and UMB Bank, N.A., as escrow agent, related to the Refunded Series 2007A Bonds (as defined in the Series 2017D Indenture), and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, the Indentures, the Undertaking and the Escrow Agreements are hereinafter referred to as the "**Issuer Documents**"), (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, and (iii) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all respects, with the terms of the Issuer Documents as they pertain to such transactions.
- (b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the passage of the ordinance authorizing the Issuer Documents (the "**Bond Ordinance**") and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds and the Issuer Documents and (iii) the consummation by it of all other transactions contemplated by the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement.

- (c) The Issuer Documents constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Indentures and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Indentures and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Indentures will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Indentures.
- (d) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of this Agreement, the Bonds, the Issuer Documents and any other agreements or documents contemplated hereby or by the Official Statement and the adoption of the Bond Ordinance and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by such Bonds and the related Indentures.
- (e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been duly obtained, except for such approvals, consents and orders as may be required under the "blue sky" or securities laws of any jurisdiction in connection with the offering and sale of the Bonds.
- (f) The Bonds conform to the descriptions thereof contained in the Official Statement under the captions "THE SERIES 2017 BONDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS"; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the caption "PLAN OF FINANCE" and the Undertaking conforms to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE" and in Appendix B to the Official Statement.
- (g) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best

knowledge of the Issuer after due inquiry, threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds pursuant to the Bond Ordinance or the related Indenture or in any way contesting or affecting the validity or enforceability of the Bonds, the Issuer Documents, or contesting the exclusion from gross income of interest on the Series 2017B Bonds, the Series 2017C Bonds and the Series 2017D Bonds (the “**Tax-Exempt Bonds**”) for federal or State income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Ordinance or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents.

- (h) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.
- (i) At the time of the Issuer’s acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of **Section 3** of this Agreement) at all times subsequent thereto during the period up to and including the Closing Date, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.
- (j) If the Official Statement is supplemented or amended pursuant to paragraph (d) of **Section 3** of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the Closing Date the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading.
- (k) The Issuer will apply, or cause to be applied, the proceeds from the sale of each series of the Bonds as provided in and subject to all of the terms and provisions of the related Indenture and not to take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal and State income tax purposes of the interest on the Tax-Exempt Bonds.
- (l) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriters as the Representative may reasonably request (A)(1) to qualify the Bonds for offer and sale under the “blue sky” or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (2) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Representative immediately of receipt by the Issuer of any notification with respect to the suspension of the

qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

- (m) The Issuer covenants and agrees that, it will execute and deliver a continuing disclosure undertaking pursuant to the continuing disclosure requirements of the Rule. The Issuer agrees to observe and perform the covenants and agreements contained therein, unless amended or terminated in accordance with the provisions thereof, for the benefit of the Owners or beneficial owners from time to time of the Bonds as therein provided. The Issuer has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure agreement or undertaking.
- (n) The financial statements of, and other financial information regarding the Issuer, in the Official Statement fairly present the financial position and results of the Issuer as of the dates and for the periods therein set forth. The Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer.
- (o) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Bonds without the prior approval of the Representative, except for such bonds, notes or other obligations disclosed in the Preliminary Official Statement or otherwise disclosed to the Underwriters prior to the date hereof.
- (p) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein.

5. Closing.

- (a) At 10:00 a.m. (central time) on March 23, 2017 (the “**Closing Date**”), or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative (the “**Closing**”), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriters duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriters will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in **Section 1** of this Agreement by wire transfer payable in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of Co-Bond Counsel, or such other place as shall have been mutually agreed upon by the Issuer and the Representative.
- (b) Delivery of the Bonds shall be made to The Depository Trust Company, New York, New York. The Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Indentures, and shall be made available to the Representative at least one business day before the Closing for purposes of inspection.

6. **Closing Conditions.** The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriters’ obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the

performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative:

- (a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date.
- (b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.
- (c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall be in full force and effect in the form heretofore approved by the Representative and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for The Hardwick Law Firm, LLC and Kutak Rock LLP (collectively, “**Co-Bond Counsel**”), the Issuer’s co-disclosure counsel, The Hardwick Law Firm, LLC and Kutak Rock LLP (collectively, “**Co-Disclosure Counsel**”), the Issuer’s City Attorney’s Office (the “**Issuer Counsel**”) and Bryan Cave LLP (“**Underwriters’ Counsel**”) to deliver their respective opinions referred to hereafter.
- (d) At or prior to the Closing, each Indenture shall have been duly executed and delivered by the Issuer and the related Trustee and the Issuer shall have duly executed and delivered and the related Trustee shall have duly authenticated the Bonds.
- (e) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that in the judgment of the Representative, is material and adverse and, in the judgment of the Representative, materially impairs the investment quality of the Bonds or the ability of the Underwriters to market the Bonds on the terms and in the manner contemplated in the Official Statement.
- (f) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money.
- (g) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Representative.
- (h) At or prior to the Closing, the Underwriters shall have received copies of each of the following documents fully executed by the parties thereto:
 - (1) The Official Statement, and each supplement or amendment thereto, if any, executed on behalf of the Issuer by its Director of Finance or such other official as may have been agreed to by the Representative, and the reports and audits referred to or appearing in the Official Statement.
 - (2) The Issuer Documents with such supplements or amendments as may have been agreed to by the Representative;

- (3) The approving opinion of Co-Bond Counsel dated the Closing Date with respect to each series of the Bonds, in substantially the forms attached as Appendix D to the Official Statement;
- (4) A supplemental opinion of Co-Bond Counsel dated the Closing Date and addressed to the Underwriters, in form and substance acceptable to the Representative;
- (5) An opinion of Co-Disclosure Counsel dated the Closing Date and addressed to the Issuer, substantially to the effect that based on the examinations which they have made as Co-Disclosure Counsel and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy or completeness of the statements in the Official Statement, such counsel has no reason to believe that the Official Statement as of its date and as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical data included in the Official Statement and except for information regarding the Depository and its book-entry system, in each case as to which no view need be expressed);
- (6) An opinion, dated the Closing Date and addressed to the Underwriters, of Underwriters' Counsel, in form and substance acceptable to the Representative;
- (7) An opinion of the Issuer's Counsel dated the Closing Date and addressed to the Underwriters, among others, in form and substance acceptable to the Representative;
- (8) A certificate, dated the Closing Date, of the Issuer to the effect that (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date; (ii) no litigation or proceeding against it is pending or, to its knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting revenues, including payments on the Bonds, pursuant to the Indentures, and other income; (iii) the Bond Ordinance authorizing the execution, delivery and/or performance of the Official Statement, the Bonds and Issuer Documents has been duly adopted by the Issuer, is in full force and effect and has not been modified, amended or repealed, and (iv) to the best of its knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the Closing Date does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

- (9) A certificate or agreement of the Issuer in form and substance satisfactory to Co-Bond Counsel and Underwriters' Counsel (a) setting forth the facts, estimates and circumstances in existence on the Closing Date, which establish that it is not expected that the proceeds of the Tax-Exempt Bonds will be used in a manner that would cause the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (b) certifying that to the best of the knowledge and belief of the Issuer there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate.
- (10) A completed Internal Revenue Service Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) related to the Tax-Exempt Bonds.
- (11) A letter from BKD LLP, independent certified public accountants, consenting to the use of the financial statements of the Issuer as of and for the fiscal year ended April 30, 2016, included in Appendix A to the Preliminary Official Statement and the Official Statement.
- (12) A verification report of Robert Thomas CPA, LLC regarding the defeasance of the bonds being advanced refunded with a portion of the proceeds of the Bonds and such other legal opinions, certificates, proceedings, instruments and other documents as the Representative, Underwriters' Counsel or Co-Bond Counsel may reasonably request to evidence the defeasance of such bonds.
- (13) Any other certificates and opinions required by the Bond Ordinance or the Indentures for the issuance thereunder of the Bonds.
- (14) Evidence satisfactory to the Representative that Standard & Poor's Ratings Service and Moody's Investors Service Inc. have rated the Bonds "AA-" and "A1," respectively, and that all such ratings are in effect and not under review as of the Closing Date.
- (15) Such additional legal opinions, certificates, instruments and other documents as the Representative or Underwriters' Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the Closing Date of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriters.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriters set forth in **Sections 4, 7 and 9(c)** hereof shall continue in full force and effect.

7. Indemnification.

- (a) To the extent permitted by law, the Issuer agrees to indemnify and hold harmless each Underwriter, the directors, officers, employees and agents of each Underwriter, and each person who controls any Underwriter within the meaning of either the Securities Act of 1933, as amended (the “**Securities Act**”), or the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) (such persons are collectively referred to as the “**Issuer Indemnified Parties**”), against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based on any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Official Statement, the final Official Statement (or in any supplement or amendment thereto) or arise out of or are based on the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and agrees to reimburse each such Issuer Indemnified Party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Issuer will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based on any such untrue statement or alleged untrue statement or omission or allegedly untrue or misleading statement or omission in the information contained in the Official Statement under the caption “**UNDERWRITING**,” or any alleged omission made in the Preliminary Official Statement or the final Official Statement, or in any amendment thereof or supplement thereto, made in reliance upon and in conformity with written information furnished to the Issuer by or on behalf of the Representative specifically for inclusion therein. This indemnity agreement will be in addition to any liability which the Issuer may otherwise have in the Issuer Documents or by operation of equity or law.
- (b) Each Underwriter severally and not jointly agrees to indemnify and hold harmless the Issuer and its officials, directors, officers and employees, and each person who controls the Issuer within the meaning of either the Securities Act or the Exchange Act (the “**Underwriter Indemnified Parties**”), to the same extent as the foregoing indemnity from the Issuer to each Underwriter, but only with reference to written information relating to such Underwriter furnished to the Issuer by or on behalf of such Underwriter, through the Representative, specifically for inclusion in the Preliminary Official Statement or the final Official Statement (or in any amendment or supplement thereto). This indemnity agreement will be in addition to any liability which any Underwriter may otherwise have in the Issuer Documents or by operation of equity or law. The Issuer acknowledges that (i) the information set forth on the reverse of the cover page regarding the terms of the Bonds, (ii) the legend in block capital letters and the related disclosure before the table of contents concerning stabilization and (iii) statements contained under the heading “**UNDERWRITING**” in the Preliminary Official Statement and the final Official Statement, constitute the only information furnished in writing by or on behalf of the Underwriters for inclusion in the Preliminary Official Statement or the final Official Statement (or in any amendment or supplement thereto).
- (c) Promptly after receipt by an Issuer Indemnified Party or an Underwriter Indemnified Party (an “**Indemnified Party**”) of the commencement of any action, such Indemnified Party will, if a claim in respect thereof is to be made against an indemnifying party under **Section 7(a)** or **Section 7(b)** (an “**Indemnifying Party**”), notify the Indemnifying Party in writing of the commencement thereof. The Indemnifying Party shall be entitled to appoint counsel

of the Indemnifying Party's choice at the Indemnifying Party's expense to represent the Indemnified Party in any action for which indemnification is sought (in which case the Indemnifying Party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party or Parties except as set forth below); provided, however, that such counsel shall be approved by the Indemnified Party, which approval shall not be unreasonably withheld. Notwithstanding the Indemnifying Party's election to appoint counsel to represent the Indemnified Party in an action, the Indemnified Party shall have the right to employ separate counsel (including local counsel), and the Indemnifying Party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the Indemnifying Party shall not have employed counsel satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action; or (ii) the Indemnifying Party shall authorize the Indemnified Party to employ separate counsel at the expense of the Indemnifying Party. In addition, the Indemnifying Party shall be entitled to appoint separate counsel of the Indemnifying Party's choice to represent the Indemnified Party in any action which indemnification is sought, subject to the approval of the Indemnified Party which shall not be unreasonably withheld, and the Indemnifying Party shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the use of counsel chosen by the Indemnifying Party to represent the Indemnified Party would present such counsel with a conflict of interest under the canons of ethics; or (ii) the actual or potential defendants in, or targets of, any such action include both the Indemnified Party and the Indemnifying Party and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the Indemnifying Party. An Indemnifying Party will not, without the prior written consent of the Indemnified Parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the Indemnified Parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each Indemnified Party from all liability arising out of such claim, action, suit or proceeding. No Indemnified Party shall settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the Indemnified Parties are actual or potential parties to such claim or action) unless it shall first obtain the consent of the Indemnifying Party or shall provide the Indemnifying Party with an unconditional release from all liability arising out of such claim, action, suit or proceeding.

- (d) In the event that the indemnity provided in **Section 7(a)** or **Section 7(b)** is unavailable to or insufficient to hold harmless an Indemnified Party for any reason, to the extent permitted by law, the Issuer and the Underwriters agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively, "**Losses**") to which the Issuer and one or more of the Underwriters may be subject in such proportion as is appropriate to reflect the relative benefits received by the Issuer, on the one hand, and by the Underwriters, on the other, from the offering of the Bonds. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Issuer and the Underwriters shall contribute in such proportion as is appropriate to reflect not only such relative benefits, but also the relative fault of the Issuer, on the one hand, and of the Underwriters, on the other, in connection with the statements or omissions which resulted in such Losses, as well as any other relevant equitable considerations. In no case shall any Underwriter (except as may be provided in any agreement among the Underwriters relating to the offering of the Bonds) be responsible for any amount in excess of the purchase discount or commission applicable to

the Bonds purchased by such Underwriter hereunder. Benefits received by the Issuer shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by it, and benefits received by the Underwriters shall be deemed to be equal to the total purchase discounts and commissions in each case set forth under the caption "UNDERWRITING" in the final Official Statement. Relative fault shall be determined by reference to, among other things, whether any untrue or any alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information provided by the Issuer, on the one hand, and the Underwriters, on the other, the intent of the parties and their relative knowledge, information and opportunity to correct or prevent such untrue statement or omission. The Issuer and the Underwriters, respectively, agree that it would not be just and equitable if contribution were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this **Section 7(d)**, no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this **Section 7**, each person who controls an Underwriter within the meaning of either the Securities Act or the Exchange Act and each director, officer, employee and agent of an Underwriter shall have the same rights to contribution as such Underwriter, and each person who controls the Issuer within the meaning of either the Securities Act or the Securities Exchange Act of 1934 and each officer, director, officer and employee of the Issuer shall have the same rights to contribution as the Issuer, subject in each case to the applicable terms and conditions of this **Section 7(d)**.

- (e) If, at any time when a copy of the Official Statement should be delivered in connection with purchase of the Bonds, any event occurs as a result of which the Official Statement as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, the Issuer will cooperate with the Representative in the prompt preparation of an amendment or supplement which will correct such statement or omission.
- (f) Notwithstanding anything contained in this **Section 7** to the contrary, any financial obligation of the Issuer is subject to the appropriation of adequate funds by the City Council for this purpose.
- (g) The covenants and agreements contained in this **Section 7** shall survive the delivery of the Bonds.

8. **Termination.** The Underwriters shall have the right to cancel their obligation to purchase the Bonds if, between the date of this Agreement and the Closing, in the sole judgment of the Representative, by the occurrence of any of the following:

- (a) the market price or marketability of the Bonds, or the ability of the Underwriters to enforce contracts for the sale of the Bonds, shall be materially adversely affected by any of the following events:
 - (i) legislation shall have been enacted 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 interest received on obligations of the general character of the 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, (2) any other calamity or crisis in the financial markets of the United States or elsewhere, (3) the sovereign debt rating of the United States is downgraded by any major credit rating agency or a payment default occurs on United States Treasury obligations, or (4) a default with respect to the debt obligations of, or the institution of proceedings under any federal bankruptcy laws by or against, any state of the United States or any city, county or other political subdivision located in the United States having a population of over 500,000; 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; or
 - (iv) legislation shall have been enacted 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 any obligations of the general character of the Bonds, the Bond Ordinance or the Issuer Documents, or any comparable securities of the Issuer, are not exempt from the registration, qualification or other requirements of the Securities Act, or the Trust Indenture Act of 1939, as amended (the "**Indenture Act**"), or otherwise, or would be in violation of any provision of the federal securities laws; or
 - (v) except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the Issuer shall have occurred; or
 - (vi) any rating on the securities of the Issuer which are payable on a parity with the Bonds is reduced or withdrawn or placed on credit watch with negative outlook by any major credit rating agency; or
- (b) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriters) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Issuer 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 is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds; or

- (c) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or
- (d) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or
- (e) 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 charge 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; or
- (f) 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 Bonds, including the underlying obligations as contemplated by this Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the 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 Indenture Act.

9. Expenses.

- (a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds, (ii) the fees and disbursements of Co-Bond Counsel, Co-Disclosure Counsel and counsel to the Issuer; (iii) the fees and disbursements of the financial advisors to the Issuer; (iv) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Issuer; (v) the fees for bond ratings; and (vi) the fees related to the investor presentation. The Issuer shall pay for expenses (included in the expense component of the underwriting discount) incurred on behalf of the Issuer's employees, directors or agents which are incidental to this Agreement including but not limited to meals and lodging of such persons or entities.
- (b) The Underwriters shall pay, from the expense component of the underwriting discount, (i) the cost of preparation and printing of this Agreement, the Blue Sky Memorandum, if any; (ii) any other advertising expenses in connection with the public offering of the Bonds; (iii) all other expenses incurred by them in connection with the public offering of the Bonds, including the fees and disbursements of Underwriter's Counsel.
- (c) If this Agreement shall be terminated by the Underwriters because of any failure or refusal on the part of the Issuer to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Issuer shall be unable to perform its obligations under this Agreement (unless performance is prevented by the Underwriters' default hereunder), the Issuer will reimburse the Underwriters for all out-of-pocket expenses (including the fees and disbursements of the Underwriters' Counsel) reasonably incurred by the Underwriters in connection with this Agreement or the offering contemplated hereunder.

- 10. Notices.** Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing at its address set forth above and any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the

same in writing to the Representative, J.P. Morgan Securities LLC, 10 South Dearborn, 16th Floor, Chicago, Illinois 60603, Attention: Matthew Couch.

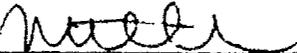
11. **Parties in Interest.** This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.
12. **Effectiveness.** This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.
13. **Choice of Law.** This Agreement shall be governed by and construed in accordance with the law of the State of Missouri.
14. **Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.
15. **Business Day.** For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.
16. **Section Headings.** Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.
17. **Counterparts.** This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

(Remainder of this page intentionally left blank)

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriters. This Agreement shall become a binding agreement between you and the Underwriters when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Respectfully submitted,

J.P. MORGAN SECURITIES LLC

By: 
Name: Matthew Couch
Title: Executive Director

ACCEPTANCE

ACCEPTED at _____ .m. (central time)
this _____ day of March, 2017

CITY OF KANSAS CITY, MISSOURI

By: _____
Name: Randall J. Landes
Title: Director of Finance

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriters. This Agreement shall become a binding agreement between you and the Underwriters when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Respectfully submitted,

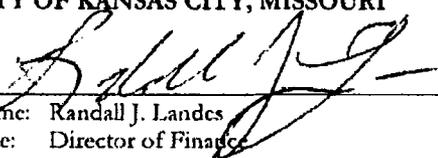
J.P. MORGAN SECURITIES LLC

By: _____
Name: _____
Title: _____

ACCEPTANCE

ACCEPTED at 5:30 p.m. (central time)
this 8th day of March, 2017

CITY OF KANSAS CITY, MISSOURI

By: 
Name: Randall J. Landes
Title: Director of Finance

SCHEDULE I
UNDERWRITERS

George K. Baum & Company
Fifth Third Securities Inc.
Loop Capital Markets LLC
Valdés & Moreno, Inc.

SCHEDULE II

\$31,610,000
CITY OF KANSAS CITY, MISSOURI
TAXABLE SPECIAL OBLIGATION BONDS
(KANSAS CITY, MISSOURI PROJECTS)
SERIES 2017A

Maturity Schedule

Serial Bonds

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Yield</u>
2017	\$375,000	1.375%	100.000%	1.375%
2018	915,000	1.923	100.000	1.923
2019	930,000	2.104	100.000	2.104
2020	955,000	2.567	100.000	2.567
2021	980,000	2.808	100.000	2.808
2022	1,010,000	3.038	100.000	3.038
2023	1,045,000	3.287	100.000	3.287
2024	1,080,000	3.487	100.000	3.487
2025	1,120,000	3.610	100.000	3.610
2026	1,165,000	3.740	100.000	3.740
2027	1,205,000	3.860	100.000	3.860
2028	1,250,000	4.050	100.000	4.050
2029	1,305,000	4.150	100.000	4.150
2030	1,365,000	4.250	100.000	4.250
2031	1,425,000	4.350	100.000	4.350
2032	8,270,000	4.380	100.000	4.380
2033 ⁺	895,000	4.625	100.000	4.625
2034 ⁺	935,000	4.625	100.000	4.625
2035 ⁺	980,000	4.625	100.000	4.625
2036 ⁺	1,025,000	4.625	100.000	4.625
2037 ⁺	1,075,000	4.625	100.000	4.625
2038 ⁺	1,125,000	4.625	100.000	4.625
2039	1,180,000	4.625	100.000	4.625

⁺ Mandatory sinking fund redemption for October 1, 2039 term bond.

Redemption Provisions

Optional Redemption. The Series 2017A Bonds maturing in the year 2028 and thereafter are subject to redemption and payment prior to maturity at the option of the City on and after October 1, 2027 as a whole or in part at any time from maturities selected by the City, at the redemption price equal to the principal amount thereof, plus accrued interest to the redemption date.

\$19,185,000
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS
(KANSAS CITY, MISSOURI PROJECTS)
SERIES 2017B

Maturity Schedule

Serial Bonds

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Yield</u>
2017	\$2,105,000	5.000%	102.131%	0.900%
2018	2,225,000	5.000	105.449	1.370
2019	2,345,000	5.000	108.501	1.550
2020	1,935,000	5.000	111.018	1.760
2021	1,565,000	5.000	112.909	2.000
2022	1,645,000	5.000	114.037	2.280
2023	510,000	3.000	102.930	2.510
2024	525,000	4.000	108.512	2.740
2025	550,000	4.000	108.017	2.930
2026	575,000	5.000	115.740	3.080
2027	600,000	5.000	116.069	3.190
2028	630,000	4.000	105.996 ⁺	3.320 ⁺
2029	655,000	4.000	104.548 ⁺	3.480 ⁺
2030	685,000	4.000	103.743 ⁺	3.570 ⁺
2031	710,000	3.500	97.548	3.720
2032	355,000	3.625	97.617	3.830
2033	370,000	3.750	97.707	3.940
2034	385,000	3.875	98.683	3.980
2035 ⁺⁺	400,000	3.875	98.316	4.000
2036	415,000	3.875	98.316	4.000

⁺ Price and yield calculated to the first optional redemption date (October 1, 2027).

⁺⁺ Mandatory sinking fund redemption for October 1, 2036 term bond.

Redemption Provisions

Optional Redemption. The Series 2017B Bonds maturing in the year 2028 and thereafter are subject to redemption and payment prior to maturity at the option of the City on and after October 1, 2027 as a whole or in part at any time from maturities selected by the City, at the redemption price equal to the principal amount thereof, plus accrued interest to the redemption date.

\$89,410,000
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION REFUNDING BONDS
(KANSAS CITY DOWNTOWN REDEVELOPMENT DISTRICT)
SERIES 2017C

Maturity Schedule

Serial Bonds

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Yield</u>
2022	\$6,120,000	5.000%	113.892%	2.270%
2023	6,670,000	5.000	114.781	2.500
2024	7,275,000	5.000	115.186	2.730
2025	7,895,000	5.000	115.456	2.920
2026	8,570,000	5.000	115.709	3.070
2027	9,285,000	5.000	116.057	3.180
2028	10,045,000	5.000	114.907 ⁺	3.300 ⁺
2029	5,755,000	3.250	96.611	3.590
2029	5,040,000	5.000	114.053 ⁺	3.390 ⁺
2030	4,170,000	3.375	96.581	3.700
2030	7,385,000	5.000	113.394 ⁺	3.460 ⁺
2031	5,525,000	5.000	112.740 ⁺	3.530 ⁺
2032	5,675,000	5.000	111.998 ⁺	3.610 ⁺

⁺ Price and yield calculated to the first optional redemption date (September 1, 2027).

Redemption Provisions

Optional Redemption. The Series 2017C Bonds maturing in the year 2028 and thereafter are subject to redemption and payment prior to maturity at the option of the City on and after September 1, 2027 as a whole or in part at any time from maturities selected by the City, at the redemption price equal to the principal amount thereof, plus accrued interest to the redemption date.

\$16,185,000
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION REFUNDING BONDS
(MIDTOWN REDEVELOPMENT PROJECT)
SERIES 2017D

Maturity Schedule

Serial Bonds

Maturity Date <u>(April 1)</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Price</u>	<u>Yield</u>
2018	\$3,155,000	5.000%	104.057%	1.000%
2019	3,385,000	5.000	106.986	1.480
2020	3,615,000	5.000	109.743	1.680
2021	2,940,000	5.000	111.908	1.910
2022	3,090,000	5.000	113.294	2.190

Redemption Provisions

Optional Redemption. The Series 2017D Bonds are not subject to redemption and payment prior to maturity.

Notice Relating To

OFFICIAL STATEMENT

Dated: March 8, 2017

for

\$156,390,000

**CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS**

consisting of:

\$31,610,000	\$19,185,000
Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A	Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B
\$89,410,000	\$16,185,000
Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C	Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D

* * * * *

The final Official Statement, dated March 8, 2017, relating to the above-referenced Bonds, has been revised and is being replaced in the form enclosed herewith.

The Official Statement has been revised as follows:

Formatting corrections have been made to the column headings of several tables in the City's Comprehensive Annual Financial Report for the Fiscal Year ended April 30, 2016 included in Appendix A to the Official Statement, "Financial Statements of the City of Kansas City, Missouri," so that the column headings in each such table properly line up over the applicable columns.

* * * * *

Please substitute the enclosed Official Statement, dated March 8, 2017 and revised as of April 12, 2017, for all copies of the Official Statement in your possession, and please forward copies of the enclosed Official Statement, together with a copy of this notice, to the parties to whom you have previously delivered copies of such Official Statement.

This date of this notice is April 12, 2017.

In the opinion of Kutak Rock LLP, Kansas City, Missouri and the Hardwick Law Firm, LLC, Kansas City, Missouri, Co-Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming continuing compliance with certain covenants, interest on the Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds (including any original issue discount) is excludable from gross income for federal and Missouri income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Also, in the opinion of Co-Bond Counsel, the interest on the Series 2017A Bonds is included in gross income for federal and Missouri income tax purposes. See "TAX MATTERS" herein and the form of Opinion of Co-Bond Counsel attached hereto as Appendix D.



\$156,390,000
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS
consisting of:

\$31,610,000 Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A	\$19,185,000 Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B
\$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C	\$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D

Dated: Date of Delivery

**Maturities, Principal Amounts, Interest Rates, Prices, Yields and CUSIP Numbers
are shown on the Inside Cover Pages**

The Taxable Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017A (the "Series 2017A Bonds"), the Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B (the "Series 2017B Bonds"), the Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), Series 2017C (the "Series 2017C Bonds") and the Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D (the "Series 2017D Bonds" and together with the Series 2017A Bonds, the Series 2017B Bonds and the Series 2017C Bonds, the "Series 2017 Bonds") are being issued by the City of Kansas City, Missouri (the "City" or the "Issuer") for the purposes of (i) providing funds to finance, refinance and refund certain project costs; and (ii) paying certain costs related to the issuance of the Bonds.

The Series 2017A Bonds and the Series 2017B Bonds will be issued under a Trust Indenture dated as of March 1, 2017, between the City and UMB Bank, N.A., as Trustee (the "Trustee"). The Series 2017C Bonds will be issued under a Trust Indenture dated as of March 1, 2017, between the City and the Trustee. The Series 2017D Bonds will be issued under a Trust Indenture dated as of March 1, 2017, between the City and the Trustee.

THE BONDS OF EACH SERIES AND THE INTEREST THEREON SHALL BE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE OUT OF CERTAIN FUNDS APPROPRIATED BY THE CITY, CERTAIN DESA REVENUES AS DEFINED HEREIN (ONLY WITH RESPECT TO THE SERIES 2017C BONDS) AND CERTAIN INCREMENTAL TAX REVENUES AS DEFINED HEREIN (ONLY WITH RESPECT TO THE SERIES 2017D BONDS) AND MONEYS IN THE FUNDS AND ACCOUNTS HELD BY THE TRUSTEE UNDER THE INDENTURE FOR SUCH SERIES AND ARE SECURED BY A TRANSFER, PLEDGE AND ASSIGNMENT OF AND A GRANT OF A SECURITY INTEREST IN THE TRUST ESTATE TO THE TRUSTEE AND IN FAVOR OF THE OWNERS OF THE BONDS, AS PROVIDED IN THE INDENTURE FOR SUCH SERIES OF BONDS. THE BONDS AND INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATION OR PROVISION, AND SHALL NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE INDENTURE FOR SUCH BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. NO BREACH BY THE CITY OF ANY SUCH PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT MAY IMPOSE ANY LIABILITY, PECUNIARY OR OTHERWISE, UPON THE STATE OF MISSOURI OR ANY CHARGE UPON ITS GENERAL CREDIT OR ITS TAXING POWER.

The Series 2017 Bonds will be issued as fully registered bonds without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for the Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2017 Bonds. Purchases of the Series 2017 Bonds will be made in book-entry only form, in denominations of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interests in Series 2017 Bonds purchased. So long as Cede & Co., as nominee of DTC, is the Bondowner, references herein to the Bondowners or Registered Owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined in this Official Statement) of the Series 2017 Bonds. See "Book-Entry System" in Appendix F.

Principal of the Series 2017 Bonds will be paid on the dates and in the years in which the Series 2017 Bonds mature as set forth on the inside cover pages hereof. Interest on the Series 2017A Bonds, Series 2017B Bonds and Series 2017D Bonds will accrue from the date of issuance and be payable semi-annually on each April 1 and October 1, commencing October 1, 2017. Interest on the Series 2017C Bonds will accrue from the date of issuance and be payable semi-annually on each March 1 and September 1, commencing September 1, 2017.

The Series 2017 Bonds are subject to redemption prior to maturity as more fully described under the caption "THE SERIES 2017 BONDS - Redemption" in this Official Statement.

The Series 2017 Bonds are offered when, as and if issued by the City, subject to the approval of legality by Kutak Rock LLP, Kansas City, Missouri, and Hardwick Law Firm, LLC, Kansas City, Missouri, Co-Bond Counsel. Certain legal matters will be passed upon for the City by the Office of the City Attorney, and for the Underwriters listed on this cover page (the "Underwriters") by Bryan Cave LLP, Kansas City, Missouri. Certain disclosure matters will be passed upon for the City by its co-disclosure counsel, Kutak Rock LLP, Kansas City, Missouri and Hardwick Law Firm, LLC, Kansas City, Missouri. It is expected that the Series 2017 Bonds will be available for delivery at DTC on or about March 23, 2017.

J.P. MORGAN
George K. Baum and Company Fifth Third Securities Inc. Valdés & Moreno, Inc. Loop Capital Markets

\$156,390,000
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS
consisting of

\$31,610,000
Taxable Special Obligation Bonds
(Kansas City, Missouri Projects)
Series 2017A

\$19,185,000
Special Obligation Bonds
(Kansas City, Missouri Projects)
Series 2017B

\$89,410,000
Special Obligation Refunding Bonds
(Kansas City Downtown Redevelopment District)
Series 2017C

\$16,185,000
Special Obligation Refunding Bonds
(Midtown Redevelopment Project)
Series 2017D

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES,
YIELDS AND CUSIP NUMBERS**

Base CUSIP Number 485106

\$31,610,000 TAXABLE SPECIAL OBLIGATION BONDS
(KANSAS CITY, MISSOURI PROJECTS), SERIES 2017A

SERIAL BONDS

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>	<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>
2017	\$ 375,000	1.375	100.00	1.375	QD3	2025	\$1,120,000	3.610	100.00	3.610	QM3
2018	915,000	1.923	100.00	1.923	QE1	2026	1,165,000	3.740	100.00	3.740	QN1
2019	930,000	2.104	100.00	2.104	QF8	2027	1,205,000	3.860	100.00	3.860	QP6
2020	955,000	2.567	100.00	2.567	QG6	2028	1,250,000	4.050	100.00	4.050	QQ4
2021	980,000	2.808	100.00	2.808	QH4	2029	1,305,000	4.150	100.00	4.150	QR2
2022	1,010,000	3.038	100.00	3.038	QJ0	2030	1,365,000	4.250	100.00	4.250	QS0
2023	1,045,000	3.287	100.00	3.287	QK7	2031	1,425,000	4.350	100.00	4.350	QT8
2024	1,080,000	3.487	100.00	3.487	QL5	2032	8,270,000	4.380	100.00	4.380	QU5

TERM BONDS

\$7,215,000 4.625% Term Bonds Due October 1, 2039 Yield: 4.625% Price: 100.00% CUSIP¹: QV3

\$19,185,000 SPECIAL OBLIGATION BONDS
(KANSAS CITY, MISSOURI PROJECTS), SERIES 2017B

SERIAL BONDS

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>	<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>
2017	\$2,105,000	5.000	102.131	0.900	QW1	2026	\$575,000	5.000	115.740	3.080	RF7
2018	2,225,000	5.000	105.449	1.370	QX9	2027	600,000	5.000	116.069	3.190	RG5
2019	2,345,000	5.000	108.501	1.550	QY7	2028	630,000	4.000	105.996 ²	3.320	RH3
2020	1,935,000	5.000	111.018	1.760	QZ4	2029	655,000	4.000	104.548 ²	3.480	RJ9
2021	1,565,000	5.000	112.909	2.000	RA8	2030	685,000	4.000	103.743 ²	3.570	RK6
2022	1,645,000	5.000	114.037	2.280	RB6	2031	710,000	3.500	97.548	3.720	RL4
2023	510,000	3.000	102.930	2.510	RC4	2032	355,000	3.625	97.617	3.830	RM2
2024	525,000	4.000	108.512	2.740	RD2	2033	370,000	3.750	97.707	3.940	RN0
2025	550,000	4.000	108.017	2.930	RE0	2034	385,000	3.875	98.683	3.980	RP5

TERM BONDS

\$815,000 3.875% Term Bonds Due October 1, 2036 Yield: 4.000% Price: 98.316% CUSIP¹: RQ3

¹ CUSIP Numbers have been assigned to this issue by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are included solely for the convenience of the Bondowners. Neither the City nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

² The Series 2017B Bonds maturing in the years 2028 through 2030 are priced to the optional redemption date of October 1, 2027, and the optional redemption price of 100%.

\$89,410,000 SPECIAL OBLIGATION REFUNDING BONDS
(KANSAS CITY DOWNTOWN REDEVELOPMENT DISTRICT), SERIES 2017C

SERIAL BONDS

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>	<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>
2022	\$ 6,120,000	5.000	113.892	2.270	RR1	2029	\$5,755,000	3.250	96.611	3.590	SC3
2023	6,670,000	5.000	114.781	2.500	RS9	2029	5,040,000	5.000	114.053 ²	3.390 ²	RY6
2024	7,275,000	5.000	115.186	2.730	RT7	2030	4,170,000	3.375	96.581	3.700	SD1
2025	7,895,000	5.000	115.456	2.920	RU4	2030	7,385,000	5.000	113.394 ²	3.460 ²	RZ3
2026	8,570,000	5.000	115.709	3.070	RV2	2031	5,525,000	5.000	112.740 ²	3.530 ²	SA7
2027	9,285,000	5.000	116.057	3.180	RW0	2032	5,675,000	5.000	111.998 ²	3.610 ²	SB5
2028	10,045,000	5.000	114.907 ²	3.300	RX8						

\$16,185,000 SPECIAL OBLIGATION REFUNDING BONDS
(MIDTOWN REDEVELOPMENT PROJECT), SERIES 2017D

SERIAL BONDS

<u>Maturity Date</u> <u>(April 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>	<u>Maturity Date</u> <u>(April 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Price</u> <u>(%)</u>	<u>Yield</u> <u>(%)</u>	<u>CUSIP</u> <u>Number¹</u>
2018	\$3,155,000	5.000	104.057	1.000	SE9	2021	\$2,940,000	5.000	111.908	1.910	SH2
2019	3,385,000	5.000	106.986	1.480	SF6	2022	3,090,000	5.000	113.294	2.190	SJ8
2020	3,615,000	5.000	109.743	1.680	SG4						

¹ CUSIP Numbers have been assigned to this issue by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are included solely for the convenience of the Bondowners. Neither the City nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

² The Series 2017C Bonds maturing in the years 2028, 2029 and 2030 (relating only to the specific maturities noted) and 2031 through 2032 are priced to the optional redemption date of September 1, 2027, and the optional redemption price of 100%.

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REGARDING USE OF THE OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City or by any person to give any information or to make any representations with respect to the Series 2017 Bonds offered hereby, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any offer, solicitation or sale of the Series 2017 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the City and other sources which are believed to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2017 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 2017 BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS ANY INDENTURE AUTHORIZING THE ISSUANCE OF THE SERIES 2017 BONDS BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE SERIES 2017 BONDS ARE BEING OFFERED 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. THE SERIES 2017 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Any CUSIP numbers for the Series 2017 Bonds included in the final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Series 2017 Bonds have been assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Series 2017 Bonds or as set forth on the final Official Statement. No assurance can be given that the CUSIP numbers for the Series 2017 Bonds will remain the same after the date of issuance and delivery of the Series 2017 Bonds.

Information in this Official Statement can be relied upon only if downloaded in its entirety or if obtained in original, bound format in its entirety. A copy of this Official Statement can be downloaded in its entirety from the website of ImageMaster, LLC. A bound copy of this Official Statement is available upon request by contacting ImageMaster, LLC at telephone number 1-734-821-2510; relevant charges will apply.

FORWARD-LOOKING STATEMENTS

This Official Statement contains "forward-looking statements." These forward-looking statements include statements about the City's 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. The City undertakes no obligation to update any forward-looking statements contained in this Official Statement to reflect future events or developments.

CITY OF KANSAS CITY, MISSOURI
City Hall
414 East 12th Street
Kansas City, Missouri 64106

ELECTED OFFICIALS

MAYOR
Sylvester “Sly” James, Jr.

CITY COUNCIL MEMBERS

Council Members-at-Large		District Council Members	
District 1	Scott Wagner	District 1	Heather Hall
District 2	Teresa Loar	District 2	Dan Fowler
District 3	Quinton Lucas	District 3	Jermaine Reed
District 4	Katheryn Shields	District 4	Jolie Justus
District 5	Lee Barnes, Jr.	District 5	Alissia Canady
District 6	Scott Taylor	District 6	Kevin McManus

CITY ADMINISTRATIVE OFFICIALS

CITY MANAGER
Troy Schulte

DIRECTOR OF FINANCE
Randall J. Landes

CITY ATTORNEY
Cecilia Abbott, Esq.

CITY CLERK
Marilyn Sanders

CO-FINANCIAL ADVISORS

FirstSouthwest,
A Division of Hilltop Securities, Inc.
Dallas, Texas

Moody Reid
Kansas City, Missouri

CO-BOND COUNSEL

Kutak Rock LLP
Kansas City, Missouri

Hardwick Law Firm, LLC
Kansas City, Missouri

CO-DISCLOSURE COUNSEL

Kutak Rock LLP
Kansas City, Missouri

Hardwick Law Firm, LLC
Kansas City, Missouri

UNDERWRITERS’ COUNSEL

Bryan Cave LLP
Kansas City, Missouri

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OFFICIAL STATEMENT

\$156,390,000
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS
consisting of

\$31,610,000 Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A	\$19,185,000 Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B
\$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C	\$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D

INTRODUCTION

The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and the Appendices, must be considered in its entirety. The offering of the Series 2017 Bonds to potential investors is made only by means of the entire Official Statement.

For definitions of certain capitalized terms used herein and not otherwise defined, see Appendix B to this Official Statement.

Purpose of the Official Statement

The purpose of this Official Statement is to furnish information relating to (i) the City of Kansas City, Missouri (the “City”), (ii) the City’s Taxable Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017A (the “Series 2017A Bonds”), Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B (the “Series 2017B Bonds”), Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), Series 2017C (the “Series 2017C Bonds”) and Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D (the “Series 2017D Bonds” and together with the Series 2017A Bonds, Series 2017B Bonds and the Series 2017C Bonds, the “Series 2017 Bonds”), (iii) the Taxable City Projects (defined below), (iv) the Tax-Exempt City Projects (defined below), (v) the Kansas City Downtown Redevelopment District (defined below) and (vi) the Midtown Redevelopment Project (defined below).

The City

The City is a constitutional charter city established under the laws of the State of Missouri. The City incorporated on June 3, 1850. See the caption “**THE CITY**” in this Official Statement and Appendix C to this Official Statement for additional information relating to the City.

The Series 2017 Bonds are not general obligations of the City and are payable solely from the funds described in this Official Statement. The information regarding the City contained in Appendix C should not be construed as an indication that the Series 2017 Bonds are payable from any source other than the sources described in this Official Statement. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS” in this Official Statement.

The Series 2017A Bonds

The City will issue the Series 2017A Bonds (as well as the Series 2017B Bonds) pursuant to a Trust Indenture dated as of March 1, 2017 (the “Series 2017A and B Indenture”), between the City and UMB Bank, N.A., as Trustee (the “Trustee”). The City will issue its Series 2017A Bonds for the purpose of providing funds (a) to acquire, construct, reconstruct and/or improve certain projects within the City (the “Taxable City Projects”), (b) to fund a debt service reserve fund for the Kansas City Municipal Assistance Corporation Tax-Exempt Leasehold Improvement Revenue Bonds (H. Roe Bartle Convention Center and Infrastructure Project) Series 2004B-1 (the “Series 2004B-1 Bonds”), (c) to pay capitalized interest on a portion of the Series 2017A Bonds and (d) to pay certain costs related to the issuance of the Series 2017A Bonds. See the caption “**PLAN OF FINANCE – The Series 2017A Bonds**” in this Official Statement.

A description of the Series 2017A Bonds is contained in this Official Statement under the caption “**THE SERIES 2017 BONDS.**” All references to the Series 2017A Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Series 2017A and B Indenture.

The Series 2017A Bonds are subject to redemption prior to maturity as described under the caption “**THE SERIES 2017 BONDS – Redemption**” in this Official Statement.

The Series 2017A Bonds are payable only from moneys which have been annually appropriated by the City to pay the principal of and interest due on such series of Bonds (the “Appropriated Moneys”), and from such other sources as described in this Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.” For a complete description of the sources of payment of the Series 2017A Bonds, see Appendix B of this Official Statement “DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS” and the Series 2017A and B Indenture.

The Series 2017B Bonds

The City will issue the Series 2017B Bonds (as well as the Series 2017A Bonds) pursuant to the Series 2017A and B Indenture. The City will issue its Series 2017B Bonds for the purpose of providing funds (a) to acquire, construct, reconstruct and/or improve certain projects within the City and to refinance the herein-defined Crisis Center Project (the “Tax-Exempt City Projects”) through the refunding of that portion of the City’s Special Obligation Bond Anticipation Bonds (Streetcar System Expansion Project) Series 2014D (the “Series 2014D Bonds”) related to the Crisis Center Project (the “Refunded Series 2014D Bonds”) and (b) to pay certain costs related to the issuance of the Series 2017B Bonds. See the caption “**PLAN OF FINANCE – The Series 2017B Bonds**” in this Official Statement.

A description of the Series 2017B Bonds is contained in this Official Statement under the caption “**THE SERIES 2017 BONDS.**” All references to the Series 2017B Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Series 2017A and B Indenture.

The Series 2017B Bonds are subject to redemption prior to maturity as described under the caption **“THE SERIES 2017 BONDS – Redemption”** in this Official Statement.

The Series 2017B Bonds are payable only from Appropriated Moneys and from such other sources as described in this Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.” For a complete description of the sources of payment of the Series 2017B Bonds, see Appendix B of this Official Statement “DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS” and the Series 2017A and B Indenture.

The Series 2017C Bonds

The City will issue the Series 2017C Bonds pursuant to a Trust Indenture dated as of March 1, 2017 (the “Series 2017C Indenture”), between the City and the Trustee. The City will issue the Series 2017C Bonds for the purpose of providing funds (a) to advance refund all of the currently Outstanding Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A of The Industrial Development Authority of the City of Kansas City, Missouri (the “Refunded Series 2005A Bonds”) and (b) to pay certain costs related to the issuance of the Series 2017C Bonds. See the caption **“PLAN OF FINANCE – The Series 2017C Bonds”** in this Official Statement. The Refunded Series 2005A Bonds were issued to finance a portion of the costs of a retail/entertainment district (the “Kansas City Downtown Redevelopment District”), including but not limited to the financing of certain costs eligible under the Missouri Downtown and Rural Economic Stimulus Act, Sections 99.915 to 99.1060, Revised Statutes of Missouri, as amended (the “DESA Act”), within the Kansas City Downtown Redevelopment District, and certain DESA Revenues as described and defined below are available to pay such costs including the payment of debt service on bonds issued to finance or refinance such costs, including the Series 2017C Bonds.

A description of the Series 2017C Bonds is contained in this Official Statement under the caption **“THE SERIES 2017 BONDS.”** All references to the Series 2017C Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Series 2017C Indenture.

The Series 2017C Bonds are subject to redemption prior to maturity as described under the caption **“THE SERIES 2017 BONDS – Redemption”** in this Official Statement.

The Series 2017C Bonds are payable only from Appropriated Moneys, from certain State Sales Tax Increment or State Income Tax Increment (each as defined in the DESA Act) attributable to the Kansas City Downtown Redevelopment District Project when disbursed by the Missouri Department of Economic Development (“DESA Revenues”) and from such other sources as described in this Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.” For a complete description of the sources of payment of the Series 2017C Bonds, see Appendix B of this Official Statement “DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS” and the Series 2017C Indenture.

The Series 2017D Bonds

The City will issue the Series 2017D Bonds pursuant to a Trust Indenture dated as of March 1, 2017 (the “Series 2017D Indenture”), between the City and the Trustee. The City will issue its Series 2017D Bonds for the purpose of providing funds (a) to current refund \$17,425,000 principal amount of the currently Outstanding Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri - Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the “Series 2007A

Bonds”) of The Industrial Development Authority of the City of Kansas City, Missouri maturing on April 1 in the years 2018 through 2022 (the “Refunded Series 2007A Bonds”) and (b) to pay certain costs related to the issuance of the Series 2017D Bonds. See the caption “**PLAN OF FINANCE – The Series 2017D Bonds**” in this Official Statement. (The Series 2007A Bonds maturing on April 1, 2017, in the principal amount of \$3,620,000 are not being refunded. The City will deposit sufficient funds with UMB Bank, N.A., as trustee of the Series 2007A Bonds, to pay principal of and interest on the Series 2007A Bonds maturing April 1, 2017 in accordance with the provisions of the indenture under which the Series 2007A Bonds were issued.) The Series 2007A Bonds were issued to refund certain bonds issued, among other purposes, to finance and refinance certain eligible redevelopment costs within the herein-defined Midtown Redevelopment Area within the City, and certain Incremental Tax Revenues as described and defined below are available to pay such costs including the payment of debt service on bonds issued to finance or refinance such costs, including the Series 2017D Bonds.

A description of the Series 2017D Bonds is contained in this Official Statement under the caption “**THE SERIES 2017 BONDS.**” All references to the Series 2017D Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Series 2017D Indenture.

The Series 2017D Bonds are subject to redemption prior to maturity as described under the caption “**THE SERIES 2017 BONDS – Redemption**” in this Official Statement.

The Series 2017D Bonds are payable only (i) from Appropriated Moneys, which includes moneys appropriated by the City which are deposited in the City Revenues Account of the Revenue Fund for transfer to the Debt Service Fund, all as established under the Series 2017D Indenture for the payment of principal and interest on the Series 2017D Bonds (“City Revenues”), (ii) from certain Payments in Lieu of Taxes from the Midtown Redevelopment Area and, when appropriated by the City or the State of Missouri as applicable, Economic Activity Taxes, Super TIF Revenues and State TIF Revenues collected in the Midtown Redevelopment Area (“Incremental Tax Revenues”), and (iii) from such other sources as described in this Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.” For a complete description of the sources of payment of the Series 2017D Bonds and definitions of the terms set forth in this paragraph, see Appendix B of this Official Statement “DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS” and the Series 2017D Indenture.

Security and Sources of Payment for the Series 2017 Bonds

The Indentures and Trust Estates. The Series 2017 Bonds and the interest thereon are special obligations of the City, payable solely from funds which have been annually appropriated by the City or pledged by the City to pay principal and interest due on the Series 2017 Bonds and held by the trustee for each series of Series 2017 Bonds as provided in the indenture for such series, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the trust estate for such series to the respective trustee and in favor of the Owners of such series, as provided in the indenture for such series.

The Trust Estate for the Series 2017A Bonds and the Series 2017B Bonds established in the Series 2017A and B Indenture, as described in the Series 2017A and B Indenture, consists of: (a) all Appropriated Moneys; (b) all moneys and securities for such series (except moneys and securities held in the Rebate Fund for the Series 2017B Bonds) from time to time held by the Trustee for such series under the terms of the Series 2017A and B Indenture; and (c) any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security for such series under the Series 2017A and B Indenture by the City or by anyone in its behalf or with its written consent, to the Trustee, which is

authorized by the Series 2017A and B Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms thereof. For a complete description of the sources of payment of the Series 2017A Bonds and the Series 2017B Bonds and definitions of the terms set forth in this paragraph, see **Appendix B** of this Official Statement “**DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS**” and the Series 2017A and B Indenture.

The Trust Estate for the Series 2017C Bonds established in the Series 2017C Indenture, as described in the Series 2017C Indenture, consists of: (a) all Appropriated Moneys; (b) all other moneys and securities from time to time held by the trustee under the terms of the Series 2017C Indenture (excluding amounts held in the rebate fund), and (c) any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind pledged, assigned or transferred as and for additional security under the Series 2017C Indenture by the City, or by anyone in its behalf or with its written consent, to the Trustee. DESA Revenues are included in the Trust Estate for the Series 2017C Bonds pursuant to the Trust Estate description set forth in clauses (b) and (c) of the preceding sentence. For a complete description of the sources of payment of the Series 2017C Bonds and definitions of the terms set forth in this paragraph, see **Appendix B** of this Official Statement “**DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS**” and the Series 2017C Indenture. See also “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Transfer of Funds by the City for the Downtown Redevelopment District Project Bonds.**”

The Trust Estate for the Series 2017D Bonds established in the Series 2017D Indenture, as described in the Series 2017D Indenture, consists of: (a) all Appropriated Moneys; (b) all right, title and interest of the City in, to and under the Cooperative Agreement relating to the Midtown Redevelopment Project (the “Midtown Cooperative Agreement”), except for the Issuer’s Unassigned Rights, and (ii) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the proceeds of the bonds issued under the Series 2017D Indenture; and (c) all other moneys and securities from time to time held by the trustee under the terms of the Series 2017D Indenture (excluding amounts held in the rebate fund), and any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind pledged, assigned or transferred as and for additional security under the Series 2017D Indenture by the City, or by anyone in its behalf or with its written consent, to the Trustee. City Revenues are included in the Trust Estate for the Series 2017D Bonds pursuant to the Trust Estate description set forth in clause (a) of the preceding sentence, and Incremental Tax Revenues are included in the Trust Estate for the Series 2017D Bonds pursuant to the Trust Estate description set forth in clauses (b) and (c) of the preceding sentence. For a complete description of the sources of payment of the Series 2017D Bonds and definitions of the terms set forth in this paragraph, see **Appendix B** of this Official Statement “**DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS**” and the Series 2017D Indenture. See also “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Transfer of Funds by the City for the Midtown Redevelopment Project Bonds.**”

Payment of principal and interest on the Series 2017 Bonds may be made from any funds of the City legally available for such purpose. For a complete description of the Trust Estates established under the respective indentures and for the definitions used therein, see the indentures and **Appendix B** of this Official Statement “**DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS.**” See also, the caption “**SECURITY AND SOURCES OF PAYMENTS OF THE SERIES 2017 BONDS – Limited Obligations; Sources of Payment.**”

THE BONDS OF EACH SERIES AND THE INTEREST THEREON SHALL BE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE OUT OF CERTAIN FUNDS OF THE CITY, CERTAIN DESA REVENUES (ONLY WITH RESPECT TO THE SERIES 2017C

BONDS) AND CERTAIN INCREMENTAL TAX REVENUES (ONLY WITH RESPECT TO THE SERIES 2017D BONDS) AND MONEYS IN THE FUNDS AND ACCOUNTS HELD BY THE TRUSTEE UNDER THE INDENTURE FOR SUCH SERIES AND ARE SECURED BY A TRANSFER, PLEDGE AND ASSIGNMENT OF AND A GRANT OF A SECURITY INTEREST IN THE TRUST ESTATE TO THE TRUSTEE AND IN FAVOR OF THE OWNERS OF THE BONDS, AS PROVIDED IN THE INDENTURE FOR SUCH SERIES OF BONDS. THE BONDS AND INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATION OR PROVISION, AND SHALL NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE INDENTURE FOR SUCH BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. NO BREACH BY THE CITY OF ANY SUCH PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT MAY IMPOSE ANY LIABILITY, PECUNIARY OR OTHERWISE, UPON THE STATE OF MISSOURI OR ANY CHARGE UPON ITS GENERAL CREDIT OR ITS TAXING POWER.

No recourse shall be had for the payment of the principal of or interest on the Series 2017 Bonds of a series or for any claim based thereon or upon any obligation, covenant or agreement in the indenture therefor, contained, against any past, present or future elected official of the City or any trustee, officer, official, employee or agent of the City, as such, either directly or through the City, or any successor to the City, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise.

Bondowners' Risks

Purchase of the Series 2017 Bonds will constitute an investment subject to significant risks, including the risk of nonpayment of principal and interest and the loss of all or part of the investment. There can be no assurance that the City will annually appropriate Appropriated Moneys and City Revenues sufficient for the payment of debt service on the Series 2017 Bonds. Prospective purchasers should carefully evaluate the risks and merits of an investment in the Series 2017 Bonds, confer with their own legal and financial advisors and be able to bear the risk of loss of their investment in the Series 2017 Bonds before considering a purchase of the Series 2017 Bonds. See the caption "**BONDOWNERS' RISKS**" in this Official Statement.

Financial Statements and Financial Information

Audited financial statements of the City, as of and for the fiscal year ended April 30, 2016, are included in **Appendix A** to this Official Statement. The audited financial statements have been audited by a firm of independent certified public accountants, to the extent and for the periods indicated in the report of such firm, which is also included in **Appendix A**. The City did not request the independent certified public accountants to perform any additional work or any post-audit procedures subsequent to the date of its audit report on the April 30, 2016 financial statements. See the caption "**FINANCIAL STATEMENTS AND FINANCIAL INFORMATION**" in this Official Statement.

Continuing Disclosure

In connection with the issuance of the Series 2017 Bonds, the City will enter into a Continuing Disclosure Undertaking and agree to provide continuing disclosure information as required by Rule 15c2-12 of the Securities and Exchange Commission at the conclusion of each fiscal year of the City,

unless otherwise provided in the Continuing Disclosure Undertaking. See the section captioned “**CONTINUING DISCLOSURE**” to this Official Statement. See **Appendix E** to this Official Statement for a form of the Continuing Disclosure Undertaking.

Additional Information

Appendix C to this Official Statement contains information regarding the City and **Appendix A** to this Official Statement contains audited financial statements of the City. This Official Statement speaks only as of its date, and the information contained herein is subject to change. Additional information with respect to this Official Statement and the Series 2017 Bonds may be obtained from FirstSouthwest, a Division of Hilltop Securities, Inc., 1201 Elm Street, Suite 3500, Dallas, Texas 75270, or from Moody Reid Financial Advisors, 4435 Main Street, Suite 505, Kansas City, Missouri 64111. **Appendix D** contains the proposed form of opinion which is anticipated to be rendered by Co-Bond Counsel at the time of delivery of the Series 2017 Bonds.

Definitions and Summaries of Documents

Definitions of certain words and terms used in this Official Statement and summaries of certain Transaction Documents are included in this Official Statement in **Appendix B**. Such definitions and summaries do not purport to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to the definitive forms of such documents, copies of which may be obtained from FirstSouthwest, a Division of Hilltop Securities, Inc., 1201 Elm Street, Suite 3500, Dallas, Texas 75270, or from Moody Reid Financial Advisors, 4435 Main Street, Suite 505, Kansas City, Missouri 64111, and will be provided to any prospective purchaser requesting the same upon payment of the cost of complying with such request.

THE SERIES 2017 BONDS

General

The Series 2017 Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri. The Series 2017 Bonds will be issuable as fully registered bonds, without coupons, in denominations of \$5,000 and any integral multiple thereof. The Series 2017 Bonds will be dated as of the date of initial issuance and delivery thereof.

The Series 2017 Bonds will mature on the dates and in the principal amounts set forth on the inside cover pages of this Official Statement, subject to redemption and payment prior to maturity as described herein. The Series 2017 Bonds, when issued, will be registered in the name of Cede & Co., as nominee for DTC. Payment of the principal of, premium, if any, and interest on the Series 2017 Bonds will be made, and notices and other communications to the Bondowners will be given, directly to DTC or its nominee, Cede & Co., by the Trustee. In the event the Series 2017 Bonds are not in a book-entry-only system, payment of the principal of, premium, if any, and interest on the Series 2017 Bonds of any series will be made and such notices and communications will be given as described in the indenture therefor. See **Appendix F** of this Official Statement “**BOOK-ENTRY SYSTEM.**”

Interest Rates

The Series 2017A Bonds, the Series 2017B Bonds and the Series 2017D Bonds shall bear interest at the rates set forth on the inside cover pages of this Official Statement (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent payment date to which interest has been paid or duly provided for, payable on April 1 and October 1 in each year, beginning on October 1, 2017.

The Series 2017C Bonds shall bear interest at the rates set forth on the inside cover page of this Official Statement (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent payment date to which interest has been paid or duly provided for, payable on March 1 and September 1 in each year, beginning on September 1, 2017.

Redemption

The Series 2017 Bonds are subject to optional, mandatory sinking fund and special mandatory redemption as follows:

(a) Optional Redemption.

(i) *Series 2017A Bonds* – The Series 2017A Bonds maturing on October 1, 2028 and thereafter are subject to redemption and payment prior to maturity at the option of the City on and after October 1, 2027, as a whole or in part at any time from maturities selected by the City, at the redemption price equal to the principal amount thereof, plus accrued interest to the Redemption Date.

(ii) *Series 2017B Bonds* - The Series 2017B Bonds maturing on October 1, 2028, and thereafter are subject to redemption and payment prior to maturity at the option of the City on and after October 1, 2027, as a whole or in part at any time from maturities selected by the City, at the redemption price equal to the principal amount thereof, plus accrued interest to the Redemption Date.

(iii) *Series 2017C Bonds* - The Series 2017C Bonds maturing on September 1, 2028, and thereafter are subject to redemption and payment prior to maturity at the option of the City on and after September 1, 2027, as a whole or in part at any time from maturities selected by the City, at the redemption price equal to the principal amount thereof, plus accrued interest to the Redemption Date.

(iv) *Series 2017D Bonds* - The Series 2017D Bonds are not subject to redemption and payment prior to maturity.

(b) Mandatory Sinking Fund Redemption.

(i) *Series 2017A Bonds*.

The Series 2017A Bonds maturing October 1, 2039 are subject to mandatory redemption on each October 1 beginning October 1, 2033, and shall be redeemed on the dates set forth below at 100% of the principal amount of the Series 2017A Bonds called for redemption plus interest accrued and unpaid to the date fixed for redemption, without premium:

Series 2017A Term Bond Maturing October 1, 2039

<u>Year</u>	<u>Amount</u>
2033	\$ 895,000
2034	935,000
2035	980,000
2036	1,025,000
2037	1,075,000
2038	1,125,000
2039*	1,180,000

* Final Maturity

(ii) *Series 2017B Bonds.*

The Series 2017B Bonds maturing October 1, 2036 are subject to mandatory redemption on each October 1 beginning October 1, 2035, and shall be redeemed on the dates set forth below at 100% of the principal amount of the Series 2017B Bonds called for redemption plus interest accrued and unpaid to the date fixed for redemption, without premium:

Series 2017B Term Bond Maturing October 1, 2036

<u>Year</u>	<u>Amount</u>
2035	\$400,000
2036*	415,000

* Final Maturity

Selection of Series 2017 Bonds to be Redeemed

Series 2017 Bonds may be redeemed only in the principal amount of \$5,000 or any integral multiple thereof.

If less than all Series 2017 Bonds of a series of any maturity are to be redeemed, the particular Series 2017 Bonds of a series to be redeemed shall be selected by the Trustee from the Series 2017 Bonds of such maturity which have not previously been called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions equal to \$5,000 (or other minimum authorized denomination of such Series 2017 Bonds) of the principal of Series 2017 Bonds of a denomination larger than \$5,000 (or such other minimum authorized denomination).

Series 2017 Bonds Redeemed in Part

Any Series 2017 Bond which is to be redeemed only in part shall be surrendered at the place of payment therefor, and the City shall execute and the trustee for such series shall authenticate and deliver to the owner of such Series 2017 Bond, without service charge, a new Series 2017 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 2017 Bond so surrendered. If the owner of any such Series 2017 Bond shall fail to present such Series 2017 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 for a series of Series 2017 Bonds, in lieu of surrender under the preceding paragraph, payment of the redemption price of a portion of any Series 2017 Bond may be made directly to the registered owner thereof without surrender thereof, if there shall have been filed with such 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 Series 2017 Bond to such trustee for notation thereon of the portion of the principal thereof redeemed or shall surrender such Series 2017 Bond in exchange for a new Bond or Bonds for the unredeemed balance of the principal of the surrendered Series 2017 Bond.

Notice of Redemption

Unless waived by any owner of Series 2017 Bonds to be redeemed, official notice of any such redemption shall be given by the trustee for a series on behalf of the City 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 2017 Bonds to be redeemed at the address shown on the bond register.

All official notices of redemption shall be dated and shall state: (a) the redemption date; (b) the redemption price; (c) the principal amount of the series of Series 2017 Bonds to be redeemed and, if less than all Series 2017 Bonds of a maturity of a series are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts, numbers and maturity dates) of the Series 2017 Bonds to be redeemed; (d) that on the redemption date the redemption price will become due and payable upon each such Series 2017 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (e) the place where the Series 2017 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 for the series of Series 2017 Bonds.

The failure of any owner of Series 2017 Bonds to receive notice given as provided in the indenture for the series, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2017 Bonds. Any notice mailed as provided in such indenture shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any owner receives such notice.

In addition to the foregoing notice, further notice shall be given by the trustee for a series on behalf of the City at least two days before the date of mailing of such notice (i) to the registered owners by registered or certified mail or overnight delivery service, (ii) to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Series 2017 Bonds, and (iii) to one or more national information services that disseminate notices of redemption of obligations such as the Series 2017 Bonds. Each further notice of redemption given shall contain the information required above for an official notice of redemption plus (a) the CUSIP numbers of all Series 2017 Bonds being redeemed, (b) the date of issue of the Series 2017 Bonds as originally issued, (c) the rate of interest borne by each Series 2017 Bond being redeemed, (d) the maturity date of each Series 2017 Bond being redeemed, and (e) any other descriptive information needed to identify accurately the Series 2017 Bonds being redeemed. No defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above described.

For so long as the Securities Depository is effecting book-entry transfers of the Series 2017 Bonds, the trustee for a series shall provide the notices specified in the indenture to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a beneficial owner of a Series 2017 Bond (having been mailed notice from such trustee, the Securities Depository, a Participant or otherwise) to notify the beneficial owner of the Series 2017 Bond so affected, shall not affect the validity of the redemption of such Series 2017 Bond.

With respect to optional redemptions, such notice may be conditioned upon moneys being on deposit with the Paying Agent on or prior to the redemption date in an amount sufficient to pay the redemption price on the redemption date.

Payment, Discharge and Defeasance

The Series 2017 Bonds of a series will be deemed to be paid and discharged and no longer Outstanding under the indenture therefor and will cease to be entitled to any lien, benefit or security of such indenture if the City shall pay or provide for the payment of such Series 2017 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 2017 Bonds, as and when the same become due and payable; (b) by delivering such Series 2017 Bonds to the trustee therefor for cancellation; or (c) by depositing in trust with the trustee or other paying agent therefor moneys and Defeasance 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 2017 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 2017 Bonds to the maturity or redemption date thereof); provided that, if any such Series 2017 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.

The Series 2017 Bonds of a series may be defeased in advance of their maturity or redemption dates only with cash or Defeasance Obligations pursuant to subsection (c) of the preceding paragraph, subject to receipt by the trustee of (i) for any advance refunding, a verification report prepared by independent certified public accountants, or other verification agent, and (ii) an Opinion of Co-Bond Counsel addressed and delivered to the trustee and the City to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Series 2017 Bonds of such series then Outstanding and any and all other amounts required to be paid under the provisions of the indenture therefor has been provided for in the manner set forth in such indenture and, as to the Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds, to the effect that so providing for the payment of any such Series 2017 Bonds will not cause the interest on such Series 2017 Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the indenture.

The foregoing notwithstanding, the liability of the City in respect of such Series 2017 Bonds shall continue, but the owners thereof shall thereafter be entitled to payment only out of the moneys and Defeasance Obligations deposited with the trustee as aforesaid.

Moneys and Defeasance Obligations so deposited with the trustee for a series shall not be a part of the Trust Estate for such series but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys and Defeasance Obligations shall be applied by the trustee therefor to the payment (either directly or through any paying agent, as the trustee may determine) to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such moneys and Defeasance Obligations have been deposited with the trustee.

Registration, Transfer and Exchange

The trustee for a series shall cause to be kept at its principal corporate trust office a register (the "bond register") in which, subject to such reasonable regulations as it may prescribe, the trustee shall provide for the registration, transfer and exchange of Series 2017 Bonds of a series. The trustee is appointed "bond registrar" for the purpose of registering Series 2017 Bonds and transfers of Series 2017 Bonds. Series 2017 Bonds may be transferred or exchanged only upon the bond register maintained by the trustee. Upon surrender for transfer or exchange of any Series 2017 Bond at the principal corporate trust office of the trustee, the City shall execute, and the trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Series 2017 Bonds of the same maturity, of any authorized denominations and of a like aggregate principal amount. Every Series 2017 Bond

presented or surrendered for transfer or exchange shall (if so required by the City or the trustee, as bond registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the City and the trustee, as bond registrar, duly executed by the owner thereof or such owner's attorney or legal representative duly authorized in writing. All Series 2017 Bonds surrendered upon any exchange or transfer provided for in the indenture shall be promptly cancelled by the trustee and thereafter disposed of as required by applicable law. All Series 2017 Bonds issued upon any transfer or exchange of Series 2017 Bonds shall be the valid obligations of the City, evidencing the same debt, and entitled to the same security and benefits under the indenture, as the Series 2017 Bonds surrendered upon such transfer or exchange.

No service charge shall be made for any registration, transfer or exchange of Series 2017 Bonds, but the trustee or Securities Depository may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Series 2017 Bonds, and such charge shall be paid before any such new Series 2017 Bond shall be delivered. The fees and charges of the trustee for making any transfer or exchange and the expense of any bond printing necessary to effect any such transfer or exchange shall be paid by the City. If any registered owner fails to provide a correct taxpayer identification number to the trustee, the trustee may impose a charge against such registered owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Internal Revenue Code, such amount may be deducted by the trustee from amounts otherwise payable to such registered owner under the indenture or under the Series 2017 Bonds.

The trustee shall not be required (a) to transfer or exchange any Series 2017 Bond during a period beginning at the opening of business 15 days before the day of the first publication or the mailing (if there is no publication) of a notice of redemption of such Series 2017 Bond and ending at the close of business on the day of such publication or mailing, or (b) to transfer or exchange any Series 2017 Bond so selected for redemption in whole or in part, during a period beginning at the opening of business on any Record Date and ending at the close of business on the relevant interest payment date therefor.

The Person in whose name any Series 2017 Bond shall be registered on the bond register shall be deemed and regarded as the absolute owner thereof for all purposes, except as otherwise provided in the indenture, and payment of or on account of the principal of and premium, if any, and interest on any such Series 2017 Bond shall be made only to or upon the order of the registered owner thereof or such owner's legal representative, but such registration may be changed as provided in the indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2017 Bond to the extent of the sum or sums so paid.

Mutilated, Lost, Stolen or Destroyed Bonds

If any mutilated Series 2017 Bond of a series is surrendered to the trustee for such series, or the trustee receives evidence to its satisfaction of the destruction, loss or theft of any Series 2017 Bond, and there is delivered to the City and the trustee such security or indemnity as may be required by the trustee to save the trustee and the City harmless, then, in the absence of notice to the trustee that such Series 2017 Bond has been acquired by a bona fide purchaser, the City shall execute and upon the City's request the trustee shall authenticate and deliver in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Series 2017 Bond, a new Series 2017 Bond of the same maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding. If any such mutilated, destroyed, lost or stolen Series 2017 Bond has become or is about to become due and payable, the City in its discretion, may pay such Series 2017 Bond instead of issuing a new Series 2017 Bond. Upon the issuance of any new Series 2017 Bond, the City and the trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses

connected therewith. Every new Series 2017 Bond of a series issued in lieu of any destroyed, lost or stolen Series 2017 Bond, shall constitute an original additional contractual obligation of the City, whether or not the destroyed, lost or stolen Series 2017 Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of the indenture equally and ratably with all other Outstanding Series 2017 Bonds. These provisions are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, lost, stolen or destroyed Series 2017 Bonds.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Series 2017 Bonds, but neither the failure to print such numbers on the Series 2017 Bonds, nor any error in the printing of such numbers shall constitute cause for the failure or refusal by the purchaser thereof to accept delivery of and payment for any Series 2017 Bond.

PLAN OF FINANCE

Purpose of the Series 2017 Bonds

Series 2017A Bonds. The City will issue the Series 2017A Bonds pursuant to the Series 2017A and B Indenture for the purpose of providing funds (i) to finance the Taxable Projects described below, (ii) to fund a debt service reserve fund for the Series 2004B-1 Bonds in the amount of \$7,342,104.10, (iii) to pay capitalized interest on a portion of the Series 2017A Bonds and (iv) to pay certain costs relating to the issuance of the Series 2017A Bonds. In the opinion of Co-Bond Counsel, the interest on the Series 2017A Bonds is included in gross income for federal and Missouri income tax purposes. See “**TAX MATTERS**” herein and the form of Opinion of Co-Bond Counsel attached hereto as Appendix D.

Taxable Projects. The Taxable Projects include the following:

<u>Description of Project</u>	<u>Estimated Cost of Project*</u>
Linwood Shopping Center	\$ 16,250,000.00
18th & Vine, Phase 1	7,000,000.00
TOTAL	\$23,250,000.00

* Estimated Project costs represent the estimates of the City as of the date hereof and are included for informational purposes only. Nothing contained herein shall limit or prevent the City from expending Series 2017A proceeds on any of the identified Taxable Projects or on other General City Projects hereinafter identified under the Series 2017A and B Indenture in such amounts as the Director of Finance determines is necessary and appropriate, acting upon the recommendation of Co-Bond Counsel, provided that amounts deposited in the Linwood Project Account of the Project Fund shall be used only to pay or reimburse costs of the Linwood Project described herein under the caption “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Possible Sources of Funding for Appropriated Money – Series 2017A Bonds**”.

Series 2017B Bonds. The City will issue the Series 2017B Bonds pursuant to the Series 2017A and B Indenture for the purpose of providing funds (i) to finance and refinance the Tax-Exempt Projects described below and (ii) to pay certain costs relating to the issuance of the Series 2017B Bonds. One of the Tax-Exempt Projects is the refinancing of certain capital costs associated with the creation by the City in conjunction with the State of Missouri (the “State”), of an Assessment Triage Center to serve people

with a mental illness or substance use disorder, located in a building leased to the City by the State (the “Crisis Center Project”) initially financed with a portion of the proceeds of the City’s Series 2014D Bonds, through the refunding of the Refunded Series 2014D Bonds.

Tax-Exempt Projects. The Tax-Exempt Projects include the following:

<u>Description of Project</u>	<u>Estimated Cost of Project*</u>
Peoplesoft Upgrade	\$ 5,099,736.00
Energov Permitting System	1,548,201.00
Museum	6,000,000.00
Parks Department Security Cameras	1,730,000.00
Refinancing of Crisis Center	1,509,702.83
Fuel Stations	4,424,000.00
TOTAL	\$20,311,639.83

* Estimated Project costs represent the estimates of the City as of the date hereof and are included for informational purposes only. Nothing contained herein shall limit or prevent the City from expending Series 2017B proceeds on any of the identified Tax-Exempt Projects or on other General City Projects hereinafter identified under the Series 2017A and B Indenture (subject to satisfaction of the requirements of the Tax Compliance Agreement for the Series 2017B Bonds) in such amounts as the Director of Finance determines is necessary and appropriate, acting upon the recommendation of Co-Bond Counsel.

Series 2017C Bonds. The City will issue the Series 2017C Bonds pursuant to the Series 2017C Indenture for the purpose of providing funds (i) to advance refund the Refunded Series 2005A Bonds described below and (ii) to pay certain costs relating to the issuance of the Series 2017C Bonds.

Refunded Series 2005A Bonds. The Industrial Development Authority of the City of Kansas City, Missouri (the “Authority”) issued its Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A (the “Series 2005A Bonds”) for the purpose of financing a portion of the costs of a retail/entertainment district which includes restaurants, night clubs, bars, theaters, attractions, retail, residential and office components and related parking and other improvements, together with necessary infrastructure improvements and the construction of public parking facilities within the retail/entertainment district (the “Kansas City Downtown Redevelopment District Project”).

The Series 2005A Bonds maturing on and after December 1, 2018 are subject to optional redemption on any day on and after December 1, 2017. All of the Outstanding Series 2005A Bonds in the principal amount of \$96,040,000 maturing in the years 2017 through 2032 (the “Refunded Series 2005A Bonds”) will be advance refunded with proceeds of the Series 2017C Bonds.

A portion of the proceeds of the Series 2017C Bonds will be deposited in trust under an Escrow Trust Agreement dated as of March 1, 2017 (the “Series 2005A Escrow Agreement”) between the City and UMB Bank, N.A., as escrow agent (the “Series 2005A Escrow Agent”) for the Refunded Series 2005A Bonds. The escrowed funds will be sufficient to pay the principal of and accrued interest on \$1,535,000 of the Refunded Series 2005A Bonds coming due on

December 1, 2017 and to redeem \$94,505,000 of the Refunded Series 2005A Bonds on such date at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon.

Issuance of the Series 2017C Bonds will be subject to delivery by Robert Thomas CPA, LLC of a report verifying the mathematical accuracy of certain computations relating to (a) the adequacy of the maturing principal amounts of the securities held in the Series 2005A Escrow Fund, interest earned thereon and certain uninvested cash to pay the principal and redemption price of, and interest on, the Refunded Series 2005A Bonds as such principal and redemption price and interest become due and payable, and (b) the mathematical computations supporting the conclusion that the Series 2017C Bonds are not “arbitrage bonds” under the Internal Revenue Code.

Series 2017D Bonds. The City will issue the Series 2017D Bonds pursuant to the Series 2017D Indenture for the purpose of providing funds (i) to current refund the Refunded Series 2007A Bonds described below and (ii) to pay certain costs relating to the issuance of the Series 2017D Bonds.

Refunded Series 2007A Bonds. The Authority issued its Infrastructure Facilities Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the “Series 2007A Bonds”) to provide funds to refund two prior series of bonds issued by the Missouri Development Finance Board (the “Board”), including its then outstanding Infrastructure Facilities Revenue Bonds (Kansas City, Missouri - Midtown Redevelopment Project) Series 2000A (the “Series 2000A Midtown Bonds”), which were issued by the Board to finance and refinance that certain redevelopment project (the “Midtown Redevelopment Project”) authorized by the Midtown Tax Increment Financing Plan dated April 1, 1993, as amended (the “Midtown Redevelopment Plan”).

The Series 2007A Bonds maturing in the year 2018 and thereafter are subject to optional redemption on any day on and after April 1, 2017. All of the Outstanding Series 2007A Bonds in the principal amount of \$17,425,000 maturing in the years 2018 through 2022 (the “Refunded Series 2007A Bonds”) will be current refunded with proceeds of the Series 2017D Bonds.

A portion of the proceeds of the Series 2017D Bonds will be deposited in trust under an Escrow Trust Agreement dated as of March 1, 2017 (the “Series 2007A Escrow Agreement”) between the City and UMB Bank, N.A., as escrow agent (the “Series 2007A Escrow Agent”) for the Refunded Series 2007A Bonds. The escrowed funds will be sufficient to pay the principal of and accrued interest on the Refunded Series 2007A Bonds on the redemption date thereof (expected to be April 24, 2017) at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon. As previously described under the caption “**INTRODUCTION - The Series 2017D Bonds,**” the Refunded Series 2007A Bonds constitute \$17,425,000 principal amount of the Series 2007A Bonds maturing on April 1 in the years 2018 through 2022. The \$3,620,000 principal amount of the Series 2007A Bonds maturing on April 1, 2017, is not being refunded. Payment of such nonrefunded Series 2007A Bonds will be made outside of the Series 2007A Escrow Agreement. The City will deposit sufficient moneys with UMB Bank, N.A., as trustee of the Series 2007A Bonds, to pay principal of and interest on the Series 2007A Bonds maturing April 1, 2017 in accordance with the provisions of the indenture under which the Series 2007A Bonds were issued.

Issuance of the Series 2017D Bonds will be subject to delivery by Robert Thomas CPA, LLC of a report verifying the mathematical accuracy of certain computations relating to (a) the adequacy of the maturing principal amounts of the securities held in the Series 2007A Escrow Fund, interest earned thereon and certain uninvested cash to pay the principal and redemption price of, and interest on, the Refunded Series 2007A Bonds as such principal and redemption

price and interest become due and payable, and (b) the mathematical computations supporting the conclusion that the Series 2017D Bonds are not “arbitrage bonds” under the Internal Revenue Code.

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Sources and Uses of Series 2017 Bond Funds and Other Moneys

Series 2017A Bonds

Sources of Funds

Par amount of Series 2017A Bonds	\$31,610,000.00
Total Sources Series 2017A Bonds	\$31,610,000.00

Uses of Funds

Series 2017A Project Fund	\$23,250,000.00
Funding of Series 2004B-1 Debt Service Reserve Fund	7,342,104.10
Capitalized Interest	701,170.23
Series 2017 Costs of Issuance Account	177,531.06
Underwriters' Discount	<u>139,194.61</u>
Total Uses Series 2017A Bonds	\$31,610,000.00

Series 2017B Bonds

Sources of Funds

Par amount of Series 2017B Bonds	\$19,185,000.00
Reoffering Premium (net of Original Issue Discount)	<u>1,342,278.30</u>
Total Sources Series 2017B Bonds	\$20,527,278.30

Uses of Funds

Series 2017B Project Fund	\$18,801,937.00
Escrow Fund for Refunded Series 2014D Bonds	1,509,702.83
Series 2017B Costs of Issuance Account	144,550.39
Rebate Fund	10,000.00
Underwriters' Discount	<u>61,088.08</u>
Total Uses Series 2017B Bonds	\$20,527,278.30

Series 2017C Bonds

Sources of Funds

Par amount of Series 2017C Bonds	\$89,410,000.00
Reoffering Premium (net of Original Issue Discount)	<u>11,240,258.05</u>
Total Sources Series 2017C Bonds	\$100,650,258.05

Uses of Funds

Escrow Fund for Refunded Series 2005A Bonds	\$100,022,681.57
Series 2017C Costs of Issuance Account	301,752.13
Rebate Fund	10,000.00
Underwriters' Discount	<u>315,824.35</u>
Total Uses Series 2017C Bonds	\$100,650,258.05

Series 2017D Bonds

Sources of Funds

Par amount of Series 2017D Bonds	\$16,185,000.00
Reoffering Premium	1,477,563.70
Series 2007A Debt Service Fund	<u>418,825.00</u>
Total Sources Series 2017D Bonds	\$18,081,388.70

Uses of Funds

Escrow Fund for Refunded Series 2007A Bonds	\$17,897,341.53
Series 2017D Costs of Issuance Account	133,642.41
Rebate Fund	10,000.00
Underwriters' Discount	<u>40,404.76</u>
Total Uses Series 2017D Bonds	\$18,081,388.70

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS

Limited Obligations; Sources of Payment

The Series 2017 Bonds of each series and the interest thereon are special, limited obligations of the City, payable solely from the funds of the City held by the trustee for such series as provided in the indenture therefor, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate granted pursuant to the indenture for such series of Series 2017 Bonds to the trustee and in favor of the Owners of such Series 2017 Bonds.

The Trust Estate established for the Series 2017A Bonds and Series 2017B Bonds in the Series 2017A and B Indenture, as described in the Series 2017A and B Indenture, consists of: (a) all Appropriated Moneys; (b) all moneys and securities (except moneys and securities held in the rebate fund for the Series 2017B Bonds) from time to time held by the Trustee under the terms of the Series 2017A and B Indenture; and (c) any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Series 2017A and B Indenture by the City or by anyone in its behalf or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Series 2017A and B Indenture. For a complete description of the sources of payment of the Series 2017A Bonds and Series 2017B Bonds and definitions of the terms set forth in this paragraph, see **Appendix B** of this Official Statement **“DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS”** and the Series 2017A and B Indenture.

The Trust Estate for the Series 2017C Bonds established in the Series 2017C Indenture, as described in the Series 2017C Indenture, consists of: (a) all Appropriated Moneys; (b) all other moneys and securities from time to time held by the Trustee under the terms of the Series 2017C Indenture (excluding amounts held in the rebate fund), and (c) any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind pledged, assigned or transferred as and for additional security under the Series 2017C Indenture by the City, or by anyone in its behalf or with its written consent, to the Trustee. DESA Revenues are included in the Trust Estate for the Series 2017C Bonds pursuant to the Trust Estate description set forth in clauses (b) and (c) of the preceding sentence. For a complete description of the sources of payment of the Series 2017C

Bonds and definitions of the terms set forth in this paragraph, see **Appendix B** of this Official Statement **“DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS”** and the Series 2017C Indenture. See also **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Transfer of Funds by the City for the Downtown Redevelopment District Project Bonds.”**

The Trust Estate for the Series 2017D Bonds established in the Series 2017D Indenture, as described in the Series 2017D Indenture, consists of: (a) Appropriated Moneys; (b) all right, title and interest of the City (including, but not limited to, the right to enforce any of the terms thereof) in, to and under (i) the Midtown Cooperative Agreement, except for the Issuer’s Unassigned Rights, and (ii) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the proceeds of the bonds issued under the Series 2017D Indenture; and (c) all other moneys and securities from time to time held by the trustee under the terms of the Series 2017D Indenture (excluding amounts held in the rebate fund), and any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind pledged, assigned or transferred as and for additional security under the Series 2017D Indenture by the City, or by anyone in its behalf or with its written consent, to the Trustee. City Revenues are included in the Trust Estate for the Series 2017D Bonds pursuant to the Trust Estate description set forth in clause (a) of the preceding sentence, and Incremental Tax Revenues are included in the Trust Estate for the Series 2017D Bonds pursuant to the Trust Estate description set forth in clauses (b) and (c) of the preceding sentence. For a complete description of the sources of payment of the Series 2017D Bonds and definitions of the terms set forth in this paragraph, see **Appendix B** of this Official Statement **“DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS”** and the Series 2017D Indenture. See also **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS – Transfer of Funds by the City for the Midtown Redevelopment Project Bonds.”**

As described above, pursuant to each indenture, the City has pledged, as security for the payment of the Series 2017 Bonds of a series, all of its rights and interests in the applicable Trust Estate. The City further covenants in each indenture that the City officer responsible for formulating the City budget will be directed to include in the budget proposal submitted to the City Council in each fiscal year that the Series 2017 Bonds of such series are outstanding a request for an appropriation of funds in an amount equal to the principal of and interest on such Series 2017 Bonds during the next fiscal year of the City which appropriated amount, or portion thereof, will be transferred to the trustee for such series at the times and in the manner provided in the indenture therefor. Appropriation is not required for the use to pay debt service of the PILOTS relating to the Series 2017D Bonds.

THE BONDS OF EACH SERIES AND THE INTEREST THEREON SHALL BE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE OUT OF CERTAIN FUNDS APPROPRIATED, CERTAIN DESA REVENUES (ONLY WITH RESPECT TO THE SERIES 2017C BONDS) AND CERTAIN INCREMENTAL TAX REVENUES (ONLY WITH RESPECT TO THE SERIES 2017D BONDS) MONEYS IN THE FUNDS AND ACCOUNTS HELD BY THE TRUSTEE UNDER THE INDENTURE FOR SUCH SERIES AND ARE SECURED BY A TRANSFER, PLEDGE AND ASSIGNMENT OF AND A GRANT OF A SECURITY INTEREST IN THE TRUST ESTATE TO THE TRUSTEE AND IN FAVOR OF THE OWNERS OF THE BONDS, AS PROVIDED IN THE INDENTURE FOR SUCH SERIES OF BONDS. THE BONDS AND INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER LIMITATION OR PROVISION, AND SHALL NOT CONSTITUTE A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE INDENTURE FOR SUCH BONDS. THE ISSUANCE OF THE BONDS SHALL NOT,

DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. NO BREACH BY THE CITY OF ANY SUCH PLEDGE, MORTGAGE, OBLIGATION OR AGREEMENT MAY IMPOSE ANY LIABILITY, PECUNIARY OR OTHERWISE, UPON THE STATE OF MISSOURI OR ANY CHARGE UPON ITS GENERAL CREDIT OR ITS TAXING POWER.

There can be no assurance that the City will appropriate or otherwise provide moneys in any year sufficient to make payments of the principal of and interest on the Series 2017 Bonds of a series, and the indenture for such series does not obligate the City to do so. However, under the indenture for each series, the City covenants that a request for the appropriation of Appropriated Moneys or, in the case of the Series 2017D Indenture the City Revenues, will be included in each annual budget submitted to the governing body of the City for approval. A failure by the City to appropriate moneys in a fiscal year sufficient to pay debt service on any Series 2017 Bond does not constitute an Event of Default under the applicable indenture therefor.

No recourse shall be had for the payment of the principal of or interest on the Series 2017 Bonds of a series or for any claim based thereon or upon any obligation, covenant or agreement in the indenture therefor against any past, present or future elected official of the City or any trustee, officer, official, employee or agent of the City, as such, either directly or through the City or any successor to the City, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise.

Transfer of Appropriated Moneys by the City for the Series 2017A Bonds and the Series 2017B Bonds

Pursuant to the Series 2017A and B Indenture, subject to annual appropriation, not less than three Business Days prior to each Payment Date, the City will transfer to the Trustee Appropriated Moneys for the Series 2017A Bonds and the Series 2017B Bonds sufficient to make the following deposits to the funds and accounts created under the Series 2017A and B Indenture and the Trustee shall deposit such Appropriated Moneys received from the City as follows:

(a) *First*, for transfer to the Rebate Fund, an amount sufficient to pay rebate, if any, to the United States of America, owed under Section 148 of the Internal Revenue Code, as directed in writing by the City in accordance with the Tax Compliance Agreement relating to the Series 2017B Bonds;

(b) *Second*, for transfer to the Series 2017A Debt Service Fund and Series 2017B Debt Service Fund, an aggregate amount sufficient, taking into account amounts already on deposit therein, to pay the principal of and interest on the Series 2017A Bonds and Series 2017B Bonds on the next succeeding Payment Date and, if so directed by the City, to pay such amount of the principal of and interest due on the Bonds in the then-current Fiscal Year as the City shall direct; and

(c) *Third*, for payment to the Trustee or any Paying Agent, an amount sufficient for payment of any fees and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the City of an invoice for such amounts.

If the amount transferred by the City shall be insufficient to make all such deposits, such Appropriated Moneys will be applied in such amounts and into such funds and accounts as directed by the City.

See **Appendix B** of this Official Statement “**DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS**” and the Series 2017A and B Indenture.

There can be no assurance that the City will appropriate such funds in any year and the Series 2017A and B Indenture does not obligate the City to do so. A failure to appropriate such funds does not constitute an Event of Default under the Series 2017A and B Indenture. However, under the Series 2017A and B Indenture, the City covenants that a request for appropriations will be included in each annual budget submitted to the governing body of the City for approval.

Possible Sources of Funding for Appropriated Money – Series 2017A Bonds

Although payment of principal and interest for the Series 2017A Bonds may be made from any funds of the City legally available for such purpose, the Linwood Project financed with proceeds of the Series 2017A Bonds is expected to have a specified revenue source from which funds may be appropriated to pay the applicable portion of debt service attributable to such project, as described in this paragraph. The Linwood Project will be financed with tax increment financing, which is a financing method whereby the City is authorized to allocate certain incremental tax revenues arising from the redevelopment of a designated area to the financing of public improvements made within a redevelopment area, pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, RSMo, as amended (the “TIF Act”). The Linwood Project is the financing of the construction of approximately 64,580 square feet of retail space, including a grocery store, parking and all necessary appurtenances and utilities to support such development in the Linwood Shopping Center Redevelopment Area (the “Linwood Project Area”). Certain TIF Revenues (as such term is defined in the Linwood Cooperative Agreement described in the following sentence) from the Linwood Project Area may be used to finance costs attributable to such Linwood Project, including debt service on bonds issued to finance project costs, as described in the following sentence. The City and the Tax Increment Financing Commission of Kansas City, Missouri (the “Commission”) have entered into that certain Cooperative Agreement dated as of March 1, 2017 (the “Linwood Cooperative Agreement”), wherein certain TIF Revenues will be applied to pay a portion of the costs of the Linwood Project, including principal of and interest on the Series 2017A Bonds attributable to such Linwood Project, subject to the requirements described in this paragraph. Before any such TIF Revenues can be so applied, the Linwood Project must have been built and the procedural requirements of the Commission relating to TIF Act projects must have been satisfied, including but not limited to certification of the costs of the Linwood Project by the Commission. Subject in all respects to the satisfaction of such requirements, pursuant to the Linwood Cooperative Agreement, TIF Revenues from the Linwood Project Area include an amount attributable to 50% of the increase in certain tax revenues generated by economic activities (referred to as “economic activity tax revenues”) within the Linwood Project Area. If such conditions are not satisfied, there will be no TIF Revenues from the Linwood Project Area. The City also agrees in the Linwood Cooperative Agreement to make Super TIF Revenues available for the Linwood Project, which consist of, subject to annual appropriation by the City, the remaining 50% of the increase in certain other tax revenues generated by economic activities within the Linwood Redevelopment Area, commonly known as “Super TIF Revenues”. The TIF Revenues and Super TIF Revenues, when and if received, are not pledged to payment of the Series 2017A Bonds and the City expects to, but is not required to, use such TIF Revenues and Super TIF Revenues to fund its annual appropriations allocable to debt service on the portion of the Series 2017A Bonds applied to finance the cost of the Linwood Project. Such annual appropriations, when made, may be financed with any lawfully available funds of the City.

Kansas City Downtown Redevelopment District Project Financing

Proceeds of the Series 2005A Bonds financed a portion of the costs of the Kansas City Downtown Redevelopment District Project as described above. The DESA Revenues described below have been available to pay debt service on the Series 2005A Bonds and will be available to pay debt service on the Series 2017C Bonds.

Pursuant to the DESA Act, the City created the Downtown Economic Stimulus Authority of Kansas City, Missouri (“DESA”), which authorizes the City to approve development plans, establish a special allocation fund and pledge such fund to the repayment of obligations issued to finance such development plans. Upon the recommendation of DESA, the City Council approved the South Loop Downtown Economic Stimulus Plan (the “DESA Plan”) and the Development Project described therein (the “DESA Project”) within the project area described in the DESA Plan (the “DESA Project Area”). The DESA Project Area is located in an approximately 7-block area in downtown Kansas City, between the City’s convention center complex and a City-owned 17,000 seat multi-purpose indoor arena.

Upon application of DESA, the Missouri Economic Development Authority awarded a State Certificate granting the herein-defined DESA Revenues, subject to annual appropriation by the State. At the time the Series 2005A Bonds were issued, the City and DESA entered into a Cooperative Agreement pursuant to which DESA agreed to make the DESA Revenues available for use in paying debt service relating to the Series 2005A Bonds; the City and DESA are in the process of supplementing such agreement to continue such agreement in effect with respect to the Series 2017C Bonds (as and when supplemented, the “DESA Cooperative Agreement”). “DESA Revenues” consist of a portion of the state income tax equal to 0.94% of gross payroll in the DESA Project Area and 35.5% of the state sales tax increment generated in the DESA Project Area, subject to annual appropriation by the State, and are subject to a 5% retainage by the State.

The following table sets forth historical information on DESA Revenues and debt service on the Series 2005A Bonds in Fiscal Years 2012 through 2016.

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The Industrial Development Authority of the City of Kansas City, Missouri
Tax-Exempt Revenue Bonds
(Kansas City Downtown Redevelopment District) Series 2005A, 2012-2016
(\$ in thousands)⁽⁴⁾

Fiscal Year	DESA Revenues Available for Debt Service	Series 2005A Debt Service Requirements			
		Principal	Interest	Total	Coverage
2012	\$ 840	\$ 1,575	\$ 5,370	\$ 6,945	0.12
2013	1,142 ⁽¹⁾	1,815	5,307	7,122	0.16
2014	335 ⁽²⁾	2,065	5,234	7,299	0.05
2015	1,302 ⁽¹⁾	-- ⁽³⁾	4,669	4,669	0.28
2016	894	320	4,669	4,989	0.18

⁽¹⁾ Includes DESA reimbursements for three semi-annual periods.

⁽²⁾ Includes DESA reimbursement for one semi-annual period.

⁽³⁾ The IDA Series 2005A Bonds were partially refunded on March 25, 2014, by issuance of the City's Special Obligation Bonds, Series 2014C. Prior to the refunding, the scheduled principal amortization was \$2,335,000.

⁽⁴⁾ Amounts shown are rounded. Totals may not add due to rounding.

Source: City

Additional Bonds may be issued under and equally and ratably secured by the Series 2017C Indenture on a parity (except as otherwise provided in the Series 2017C Indenture) with the Series 2017C Bonds, and any other Additional Bonds at any time and from time to time, upon compliance with the conditions set forth in the Series 2017C Indenture. The Series 2017C Bonds, and any such additional bonds issued under the Series 2017C Indenture on a parity therewith are referred to herein as the "Downtown Redevelopment District Bonds."

The Series 2005A Bonds were, and the Authority's Tax-Exempt Refunding Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2011A (the "Series 2011A Bonds") currently outstanding in the aggregate principal amount of \$147,515,000 are, also secured by certain revenues under the TIF Act, by Super TIF and by State Sales Tax Revenues, and a portion of the debt service on the Series 2011A Bonds is also secured by certain revenues under the Transportation Development District Act, Sections 238.200 to 238.275, inclusive, of the Revised Statutes of Missouri, as amended (the "TDD Act"), relating to improvements financed under the TDD Act with proceeds of certain bonds refunded by the Series 2011A Bonds (referred to herein as the Series 2006B Portion of the Debt Service). Until such time as the Series 2011A Bonds are no longer outstanding, such TIF Act revenues will not be available to pay debt service on the Series 2017C Bonds. The Series 2017C Indenture provides for the future use of TIF Act revenues to pay debt service on the Series 2017C Bonds and any bonds issued under the Series 2017C Indenture, and also for the use of TDD Act revenues to pay debt service on the Series 2006B Portion of the Debt Service, at such time as the Series 2011A Bonds are no longer outstanding. Inasmuch as the portion of the Downtown Redevelopment District Project financed with proceeds of the Series 2005A Bonds did not include any financing under the TDD Act, TDD Act revenues will never be available to pay debt service on the Series 2017C Bonds.

Transfer of Appropriated Moneys by the City for the Series 2017C Bonds

Pursuant to the Series 2017C Indenture, subject to annual appropriation, not less than three Business Days prior to each Payment Date, the City will transfer to the Trustee Appropriated Moneys for

the Series 2017C Bonds sufficient to make the following deposits to the funds and accounts created under the Series 2017C Indenture and the Trustee shall deposit such Appropriated Moneys received from the City as follows:

(a) *First*, for transfer to the Rebate Fund, an amount sufficient to pay rebate, if any, to the United States of America, owed under Section 148 of the Internal Revenue Code, as directed in writing by the City in accordance with the Tax Compliance Agreement relating to the Series 2017C Bonds;

(b) *Second*, for transfer to the Series 2017C Bond Fund, an aggregate amount sufficient, taking into account amounts already on deposit therein, to pay the principal of and interest on the Series 2017C Bonds on the next succeeding Payment Date and, if so directed by the City, to pay such amount of the principal of and interest due on the Bonds in the then-current Fiscal Year as the City shall direct; and

(c) *Third*, for payment to the Trustee or any Paying Agent, an amount sufficient for payment of any fees and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the City of an invoice for such amounts.

If the amount transferred by the City shall be insufficient to make all such deposits, such Appropriated Moneys will be applied in such amounts and into such funds and accounts as directed by the City.

See **Appendix B** of this Official Statement “**DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS**” and the Series 2017C Indenture.

There can be no assurance that the City will appropriate such funds in any year and the Series 2017C Indenture does not obligate the City to do so. A failure to appropriate such funds does not constitute an Event of Default under the Series 2017C Indenture. However, under the Series 2017C Indenture, the City covenants that a request for appropriations will be included in each annual budget submitted to the governing body of the City for approval.

Transfer of Funds by the City for the Downtown Redevelopment District Bonds

Downtown Redevelopment District Bonds. The Series 2017C Indenture establishes a Revenue Fund which the Trustee is to administer as follows:

(a) The City shall transfer, or cause to be transferred, any TIF Revenues, DESA Revenues, Super TIF Revenues, City Revenues and TDD Revenues, to the extent that any TIF Revenues, Super TIF Revenues, City Revenues or TDD Revenues are to be made available for payment of the Series 2017C Bonds or any Additional Bonds, to the Trustee for deposit into the Revenue Fund. All TIF Revenues designated as such to the Trustee and transferred to the Trustee shall be deposited in the TIF Revenues Account of the Revenue Fund. All DESA Revenues designated as such to the Trustee and transferred to the Trustee shall be deposited in the DESA Revenues Account of the Revenue Fund. All Super TIF Revenues and funds appropriated by the City from generally available funds of the City (which are not TIF Revenues or DESA Revenues) designated as such to the Trustee and transferred to the Trustee shall be deposited in the City Revenue Account of the Revenue Fund. All TDD Revenues designated as such to the Trustee shall be deposited in the TDD Revenues Account of the Revenue Fund.

(b) Moneys in the Revenue Fund (drawing first from the DESA Revenue Account for transfers only to the Series 2017C Bond Account of the Bond Fund and first from the TDD Revenue Account for transfer only to pay the Series 2006B Portion of Debt Service), second from the TIF Revenues Account and third from the City Revenue Account) shall be applied by the Trustee for the

first two purposes listed below on the third Business Day preceding each Interest Payment Date (except as otherwise provided below), and on the first Business Day preceding each Principal Payment Date, or any other appropriate Business Day upon instructions from the City, for the remaining purposes and in the amounts as follows:

First, in accordance with the written direction of the City, to the Trustee or any Paying Agent, an amount sufficient for payment of any reasonable fees and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the City of an invoice for such amounts, and any surveillance fees of the Rating Agencies, provided, however, that City shall not direct to the Trustee to transfer funds from the DESA Revenue Account to be used to pay any such expenses except to the extent attributable to the Series 2017C Bonds, and no funds from the TDD Revenue Account to be used to pay any expenses except to the extent attributable to the Series 2006B Portion of Debt Service;

Second, at the written direction of the City, to the TIF Commission, an amount the City determines is sufficient to reimburse the TIF Commission for its reasonable administrative and professional service fees, costs and expenses (including staff time) in connection with the performance of its obligations under the TIF Plan and the Redevelopment Agreement provided, however, that no funds withdrawn from the DESA Revenue Account or TDD Revenues Account may be used to pay any such expenses;

Third, at the written direction of the City, to DESA, an amount the City determines is sufficient to reimburse DESA for its reasonable administrative and professional service fees, costs and expenses (including staff time) in connection with the performance of its obligations under the DESA Plan and the Redevelopment Agreement; provided no funds withdrawn from the TDD Revenues Account may be used for this purpose;

Fourth, at the written direction of the City, to the City, an amount the City determines is sufficient to reimburse the City for its reasonable administrative and professional service fees, costs and expenses (including staff time) in connection with the performance of its obligations under the Redevelopment Plans, and to reimburse the City for City Revenues advanced to pay debt service on the Bonds (and other Kansas City Downtown Redevelopment District bonds as identified in the Series 2017C Indenture), provided, however, the City shall not direct to the Trustee to transfer funds from the DESA Revenue Account to be used to pay any such expenses except to the extent attributable to the Series 2005A Bonds, the Series 2017C Bonds or any DESA-Qualified Additional Bonds, and no funds withdrawn from the TDD Revenue Account may be used to pay an such expenses except to the extent attributable to the Series 2006B Portion of Debt Service;

Fifth, upon written direction from the City, to the extent the Series 2017C Bonds remain Outstanding and the surplus is attributable to DESA Revenues to the Series 2017C Redemption Account of the Bond Fund, to the extent the surplus is attributable to TDD Revenues to the payment of the Series 2006B Portion of Debt Service, and all other excess amounts on deposit in the TIF Revenues Account and/or the City Revenue Account may be deposited to any Redemption Account for any Series of Bonds as so directed by the City, and thereafter used to redeem the related Series of Bonds in whole or in part pursuant to the Indenture.

As indicated above, so long as the Series 2011A Bonds are outstanding, there will be no TIF Revenues available for payment of debt service on the Series 2017C Bonds, and TDD Revenues will never be available for payment of debt service on the Series 2017C Bonds.

Midtown Redevelopment Project Financing

The Midtown Redevelopment Project refinanced with proceeds of the Series 2007A Bonds being refunded with proceeds of the Series 2017D Bonds included the acquisition of property, demolition of blighted structures, construction, and improvement of parking facilities and other eligible redevelopment costs within the Midtown Tax Increment Financing Redevelopment Area in the City. The City and the Commission are entering into a Cooperative Agreement dated as of March 1, 2017 (the “Midtown Cooperative Agreement”) wherein certain Incremental Tax Revenues are to be applied to pay a portion of the costs of the Midtown Redevelopment Project, including the payment of principal of, redemption premium of, if any, and interest on the Series 2017D Bonds.

Under the Midtown Redevelopment Plan, Incremental Tax Revenues from the Midtown Redevelopment Area are to be deposited into a special fund for such revenues known as a “Special Allocation Fund.” Incremental Tax Revenues consist of (i) 100% of the Payments in Lieu of Taxes (PILOTS) attributable to the increase in assessed value of taxable real property within the Midtown Redevelopment Area over the year prior to the adoption of such redevelopment project area by ordinance (as described and determined in accordance with Section 99.845, Revised Statutes of Missouri), (ii) subject to annual appropriation by the City, 50% of the increase in certain other tax revenues generated by economic activities within the Midtown Redevelopment Area over the year prior to the adoption of such redevelopment project area by ordinance (as described and determined in accordance with Section 99.845, Revised Statutes of Missouri) (“Economic Activity Taxes” or “EATS”), (iii) Super TIF Revenues which consist of, subject to annual appropriation by the City, the remaining 50% of the increase in certain other tax revenues generated by economic activities within the Midtown Redevelopment Area over the year prior to the adoption of such redevelopment project area by ordinance (as described and determined in accordance with Section 99.845, Revised Statutes of Missouri) which are used to pay redevelopment project costs, and (iv) State TIF Revenues, which are amounts made available to the City through the Missouri Supplemental Tax Increment Financing Program pursuant to Section 99.845, Revised Statutes of Missouri. The Incremental Tax Revenues will be applied to the payment of the hereinafter-defined Midtown Redevelopment Project Bonds (including the Series 2017D Bonds as of the date of this Official Statement) as described under the caption “**Transfer of Funds by the City for the Midtown Redevelopment Project Bonds**” below.

Additional Bonds may be issued under and equally and ratably secured by the Series 2017D Indenture on a parity (except as otherwise provided in the Series 2017D Indenture) with the Series 2017D Bonds, and any other Additional Bonds at any time and from time to time, upon compliance with the conditions set forth in the Series 2017D Indenture. The Series 2017D Bonds, and any Additional Bonds issued under the Series 2017D Indenture on a parity therewith are referred to herein as the “Midtown Redevelopment Project Bonds.”

Transfer of Funds by the City for the Midtown Redevelopment Project Bonds

Midtown Redevelopment Project Bonds. The Series 2017D Indenture establishes a Revenue Fund which the Trustee is to administer as follows:

(a) The City shall transfer, or cause to be transferred all Incremental Tax Revenues to the Trustee for deposit into the Revenue Fund in accordance with the Midtown Cooperative Agreement and the Series 2017D Indenture. All State TIF Revenues shall be deposited to the State Sales Tax Revenue Account, PILOTS and Economic Activity Taxes shall be deposited in the Incremental Tax Revenues Account and all Super TIF Revenues shall be deposited in the Super TIF Account. In addition, all Appropriated Moneys and City Revenues shall be deposited in the City Revenues Account.

(b) On the second Business Day prior to a Payment Date, moneys in the Revenue Fund will be applied by the Trustee for the purposes and in the amounts, as follows:

First, to the Debt Service Fund an amount sufficient to pay the principal of and interest becoming due and payable, whether by stated maturity or mandatory sinking fund redemption, on the respective series of Midtown Redevelopment Project Bonds. Moneys so transferred from the Revenue Fund shall be drawn first from the State Sales Tax Revenues Account, then from the Incremental Tax Revenues Account, then from the Super TIF Revenues Account and finally from the City Revenues Account.

Second, to the Rebate Fund, an amount sufficient to pay rebate, if any, to the United States of America, owed under Section 148 of the Code, as directed in writing by the City in accordance with the Tax Compliance Agreement.

Third, to the Trustee or any paying agent, an amount sufficient for payment of any reasonable fees and expenses which are due and owing to the trustee or any paying agent, upon delivery to the City of an invoice for such amounts, and any surveillance fees of the rating agencies.

Fourth, to the Commission, an amount sufficient to reimburse the Commission for its reasonable administrative and professional service fees, costs and expenses (including staff time) in connection with the performance of its obligations under the Midtown Redevelopment Plan and the Midtown Redevelopment Agreement, upon delivery to the trustee of a written request for such amounts stating that such payment is permitted under the Act.

In addition, in the event that moneys remain in the Revenue Fund on and after each payment date, such moneys may be used for any purposes authorized by the TIF Act, including but not limited to reimburse the City for any portion of the applicable debt service on the Midtown Redevelopment Project Bonds made from moneys other than the Incremental Tax Revenues and Super TIF Revenues.

In addition to the disbursement described above, moneys in the State Sales Tax Revenues Account, the Incremental Tax Revenues Account, the Super TIF Revenues Account and the City Revenues Account shall be disbursed on an annual basis between November 1 and December 1 for such purposes as determined by the City from time to time at the direction of the City after receipt by the Trustee of written disbursement requests by the City.

Upon the payment in full of the principal of and interest on the Midtown Redevelopment Project Bonds (or provision has been made for the payment thereof as specified in the Series 2017D Indenture) and the fees, charges and expenses of the Trustee and any paying agents, and any other amounts required to be paid under the Series 2017D Indenture or the Midtown Cooperative Agreement, all amounts remaining on deposit in the Revenue Fund (other than in the Super TIF Revenues Account, the State TIF Revenues Account or City Revenues Account) shall be deposited into the Special Allocation Fund. Amounts in the State TIF Revenues Account shall be disbursed to the City to fund additional projects under the Midtown Redevelopment Plan, amounts in the Super TIF Revenues Account and the City Revenues Account shall be returned to the City. See **Appendix B** of this Official Statement “**DEFINITIONS AND SUMMARY OF CERTAIN FINANCING DOCUMENTS**” and the Series 2017D Indenture.

Historical Midtown Tax Increment Revenues and Debt Service Coverage

Presented in the following table are the historical revenues available for debt service on that portion of the Series 2007A Bonds issued to finance costs of the Midtown Redevelopment Project for the City’s fiscal years 2012 through 2016, the debt service requirements for such bonds, and the coverage

ratios for such years. The financial information included in such table is not necessarily indicative of the financial results to be achieved for future periods.

The Industrial Development Authority of the City of Kansas City, Missouri
Infrastructure Facilities Revenue Bonds
(Uptown Theater and Midtown Redevelopment Project) Series 2007A, 2012-2016
(\$ in thousands)⁽³⁾

Fiscal Year	Midtown Revenues ⁽¹⁾ Available for Debt Service	Midtown Portion Debt Service Requirements ⁽²⁾			
		Principal	Interest	Total	Coverage ⁽²⁾
2012	\$ 5,110	\$ 2,315	\$ 1,562	\$ 3,877	1.32
2013	6,618	2,470	1,463	3,933	1.68
2014	6,563	2,635	1,365	4,000	1.64
2015	7,259	2,825	1,233	4,058	1.79
2016	7,736	3,000	1,120	4,120	1.88

⁽¹⁾ Revenues include PILOTs, EATs, Super TIF Revenues and State TIF Revenues.

⁽²⁾ Debt Service Requirements and coverage ratios for each year reflect debt service on the portion of the outstanding 2007A Bonds that were issued to finance the Midtown Redevelopment Project. Debt service on and revenues from the portion of the Series 2007A Bonds issued to finance costs of the City's Uptown Theater Project are not included in the table. The final maturity of the portion of the Series 2007A Bonds issued to finance such Uptown Theater Project costs is April 1, 2017.

⁽³⁾ Amounts shown are rounded. Totals may not add due to rounding.

Source: City Comprehensive Annual Financial Report, Statistical Section, FY 2016

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DEBT SERVICE SCHEDULES

The following table sets forth for each respective fiscal year the aggregate amount required in such fiscal year for the payment of principal and interest on the Series 2017A Bonds, Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds:

Fiscal Year 30-Apr	Series 2017A Bonds		Series 2017B Bonds		Series 2017C Bonds		Series 2017D Bonds		Total Annual Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$ 375,000	\$ 1,273,424	\$ 2,105,000	\$ 851,984	\$ -	\$ 4,039,123	\$ 3,155,000	\$ 827,233	\$ 12,626,765
2019	915,000	1,234,309	2,225,000	724,069	-	4,302,025	3,385,000	651,500	13,436,903
2020	930,000	1,215,728	2,345,000	609,819	-	4,302,025	3,615,000	482,250	13,499,821
2021	955,000	1,193,687	1,935,000	502,819	-	4,302,025	2,940,000	301,500	12,130,030
2022	980,000	1,167,670	1,565,000	415,319	-	4,302,025	3,090,000	154,500	11,674,514
2023	1,010,000	1,138,569	1,645,000	335,069	6,120,000	4,149,025			14,397,663
2024	1,045,000	1,106,052	510,000	286,294	6,670,000	3,829,275			13,446,621
2025	1,080,000	1,070,048	525,000	268,144	7,275,000	3,480,650			13,698,842
2026	1,120,000	1,031,002	550,000	246,644	7,895,000	3,101,400			13,944,046
2027	1,165,000	989,001	575,000	221,269	8,570,000	2,689,775			14,210,045
2028	1,205,000	943,959	600,000	191,894	9,285,000	2,243,400			14,469,253
2029	1,250,000	895,390	630,000	164,294	10,045,000	1,760,150			14,744,834
2030	1,305,000	842,999	655,000	138,594	10,795,000	1,289,506			15,026,099
2031	1,365,000	786,914	685,000	111,794	11,555,000	814,994			15,318,701
2032	1,425,000	726,914	710,000	85,669	5,525,000	421,875			8,894,457
2033	8,270,000	514,807	355,000	66,809	5,675,000	141,875			15,023,491
2034	895,000	312,997	370,000	53,438					1,631,434
2035	935,000	270,678	385,000	39,041					1,629,719
2036	980,000	226,394	400,000	23,831					1,630,225
2037	1,025,000	180,028	415,000	8,041					1,628,069
2038	1,075,000	131,466							1,206,466
2039	1,125,000	80,591							1,205,591
2040	1,180,000	27,288							1,207,288
Total	\$ 31,610,000	\$ 17,359,911	\$ 19,185,000	\$ 5,344,831	\$ 89,410,000	\$ 45,169,148	\$ 16,185,000	\$ 2,416,983	\$ 226,680,874

Amounts shown rounded to the nearest dollar. Totals may not add due to rounding to the nearest dollar.

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THE CITY

The City was incorporated on June 3, 1850. The City is the central city of a 14-county Metropolitan Statistical Area (“MSA”), which includes Bates, Caldwell, Cass, Clay, Jackson, Platte, Clinton, Lafayette and Ray counties in the State of Missouri and Johnson, Leavenworth, Linn, Miami and Wyandotte counties in the State of Kansas. The City is situated at the confluence of the Kansas and Missouri rivers on Interstate Highways I-29, I-35, I-49 and I-70. The City’s Department of City Planning and Development estimates that the City’s 2016 population is 477,146 and that the population of the Kansas City MSA is 2,101,758. See “**APPENDIX C: INFORMATION CONCERNING THE CITY OF KANSAS CITY, MISSOURI**” for further information.

The Series 2017 Bonds are not a general obligation of the City and are payable solely from the sources described in this Official Statement. The information regarding the City contained in Appendix C should not be construed as an indication that the Series 2017 Bonds are payable from any source other than such revenues as described in this Official Statement. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS” in this Official Statement.

Anticipated Future Financings

The City anticipates issuing its special obligation bonds within the next year to finance the following projects: \$35,000,000 to provide funds for a portion of the cost of a downtown convention center hotel, additional improvements to the 18th and Vine District in the approximate amount of \$20 million, improvements to the kitchen facilities at Bartle Hall in the approximate amount of \$2 million, LED streetlight upgrades in the approximate amount of \$6 million and a new fire station in the amount of \$6 million. In addition, the City anticipates that within the next year it may enter into certain agreements that will result in obligations secured, in part, by the City’s annual appropriation pledge, including capital leases for fleet replacement in the approximate amount of \$5.2 million, municipal court improvements in the approximate amount of \$1.1 million and acquisition of a streetcar in the approximate amount of \$5 million, among others.

Available Information

Certain additional information regarding the City is also available at the City’s Investor Relations website: <http://kcmo.gov/finance/investor-relations>. In addition, the City Finance Department’s Financial Reporting Section prepares monthly financial statements, which include unaudited financial summaries of the revenue and expenditure activities of the City for each month on a cash basis. The most recent unaudited monthly financial reports are available at: <http://kcmo.gov/finance/monthly-financial-reports>. The financial information included in **Appendix C** and in such monthly financial reports is not necessarily indicative of the financial results to be achieved for future periods. The information on the City’s Investor Relations website and financial reports is not incorporated into this Official Statement.

Retirement Benefits and Other Post-Employment Benefits

General. The information included in this section and the materials referenced herein rely on information produced by the pension plans described below and their independent accountants and actuaries. Actuarial assessments are “forward-looking” analyses that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may prove to be inaccurate or may be changed in the future, and will change with the future experience of the particular pension plan. The City has not independently verified the source information, and makes no representations nor expresses any opinion as to the accuracy of the source information.

Substantially all City employees and elected officials of the City, as well as employees of the Police Department, are covered by one of four contributory defined benefit retirement plans: Employees' Retirement System, Firefighters' Pension System, Police Retirement System and Civilian Employees' Retirement System. Information relating to the City's overall pension and other post-employment benefit ("OPEB") obligations and the funded status of such obligations is contained in the notes to the City's Comprehensive Annual Financial Report ("CAFR") for its fiscal year ended April 30, 2016, in particular Note 10 and Note 11 in the Notes to Basic Financial Statements on pages A-128 to A-165 of the CAFR, the Required Supplementary Information on pages A-182 to A-203 of the CAFR and Table 7 on pages C-8 through C-11 in the statistical section of the CAFR, available from the City's website at: <http://kcmo.gov/finance/investor-relations>.

The four retirement plans adopted the provisions of Governmental Accounting Standards Board Statement No. 67 - *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* (GASB Statement No. 67) for their stand-alone financial reports for the fiscal year ended April 30, 2015. The City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB Statement No. 68) for its CAFR for the fiscal year ended April 30, 2016. Information regarding the adoption of GASB Statement No. 68 by the City may be found Note 10 in the Notes to Basic Financial Statements on pages A-128 to A-157 of the CAFR and the Required Supplementary Information on pages A-182 to A-202 of the CAFR. While such information is contained in the City's CAFR, the Series 2017 Bonds are special, limited obligations of the City, and are not general obligations of the City, as set forth in this Official Statement under the caption "**SECURITY AND SOURCES OF PAYMENTS FOR THE SERIES 2017 BONDS.**"

Although determinations are not made of the actuarial status of the City's pension and OPEB obligations with respect to the various City departments and the enterprise funds they maintain, the City has historically allocated its pension and OPEB obligations, both accrued and current, to the individual departments and enterprise funds. The City does not have a written policy on the method for allocation of pension and OPEB obligations to a particular fund; historically this allocation has been based on the budgetary basis pension expense for the year and the method of allocation could change in the future.

For general information relating to the City's overall pension and OPEB obligations, see the information under "Employee Retirement and Pension Plans" in **Appendix C**.

Historical funding progress for each of the pension systems, including actuarial value of assets and actuarial accrued liabilities, is set forth under "Employee Retirement and Pension Plans" in **Appendix C** (such information, together with Note 10 in the Notes to Basic Financial Statements on pages A-128 to A-157 of the CAFR, the Required Supplementary Information on pages A-182 to A-202 of the CAFR, Table 7 on pages C-8 through C-11 in the statistical section of the CAFR and Note 10 to the Financial Statements included as **Appendix A**, are collectively referred to as the "Employee Retirement and Pension Plan Disclosure").

The actuarial valuations performed as of April 30, 2016 and May 1, 2016 will be used in developing the budget for the year ending April 30, 2018. Actuarial valuations for the plans may be obtained by contacting the boards at the address set forth below.

Plan design changes for the police and police civilian pension plans were approved by the Missouri General Assembly and the Governor in August 2013 and were implemented on September 1, 2013. Plan design changes for the employees' and firefighters' pension plans have been approved by affected labor unions and were approved by the City Council on February 20, 2014. The plan design changes for all four pension plans include a requirement that the City fully fund the Actuarial Required Contribution (changed in Fiscal Year 2015 to Actuarially Determined Contribution ("ADC")). Other

changes include a Tier 2 benefit plan for new employees and increased contributions from all employees. The Fiscal Year 2016-2017 adopted budget reflects full funding of the City's pension obligation to all four plans.

The retirement plans identified above are administered by third party boards. The boards issue publicly available financial reports that include financial statements and required supplementary information. The auditors of such financial statements have not been asked to perform any additional work or any post-audit procedures more recently than the dates of such reports. Actuarial valuations for the plans and the financial reports may be obtained by contacting: Employees' Retirement System or Firefighters' Pension System, The Retirement Division, City Hall-10th Floor, 414 East 12th Street, Kansas City, MO 64106, 816-513-1928 and for the Police Retirement System or Civilian Employees' Retirement System, The Retirement Board of the Police Retirement System of Kansas City, Missouri, 9701 Marion Park Drive, Kansas City, Missouri 64137, 816-482-8138.

Investments. The plans invest in various investment securities. Investment securities are exposed to certain risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of plan net assets. Given the volatility of economic conditions, the values of assets reflected in the financial reports could change rapidly, resulting in material future adjustments in investment values that could negatively impact the plans. Each plan has a written and adopted investment policy that speaks to the investment of the plan assets. Such investment policies can be changed at the discretion of the respective board. Current investment policies can be obtained by contacting the applicable board at the respective addresses shown in the immediately preceding paragraph.

The unaudited financial reports presented to the board for the Employees' Retirement System state that the plan's investments, on an accrual basis, increased by \$8,492,692 or 0.83% from \$1,024,331,705 to \$1,032,824,397 during the two fiscal quarters ended October 31, 2016. The unaudited financial reports presented to the board for the Firefighters' Pension System state that the plan's investments, on an accrual basis, increased by \$8,432,124 or 1.81% from \$465,026,397 to \$473,458,521 during the two fiscal quarters ended October 31, 2016. The unaudited financial reports presented to the board for the Police Retirement System of Kansas City state that the plan's investments, on an accrual basis, increased by \$16,640,302 or 2.16% from \$770,246,435 to \$786,886,737 during the six-month period ended October 31, 2016. The unaudited financial reports presented to the board for the Civilian Employees' Retirement System of the Police Department of Kansas City Pension System state that the plan's investments, on an accrual basis, increased by \$3,023,438 or 2.48% from \$121,998,065 to \$125,021,503 during the six-month period ended October 31, 2016.

Organized Labor Efforts

Certain employees of the City are represented by collective bargaining units. Labor disputes with these collective bargaining units could result in adverse labor actions or increased labor costs. In September 2016, the City entered into a new labor agreement with Local 500 which represents approximately 24.4% of City employees.

The new agreement requires retroactive pay increases back to May 1, 2016, and runs through April 30, 2020. The first year of the agreement called for annual pay rate increases of approximately 3.75%. Each subsequent year of the agreement calls for annual pay rate increases of approximately 2% through April 30, 2020. At this time, the City believes there is a low risk of adverse labor actions.

BONDOWNERS' RISKS

The following is a discussion of certain risks that could affect payments to be made with respect to the Series 2017 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 2017 Bonds should analyze carefully the information contained in this Official Statement, including the appendices hereto, and additional information in the form of the complete documents summarized herein and in the appendices hereto, copies of which are available as described herein.

Nature of the Obligations

The Series 2017 Bonds of each series and the interest thereon are special, limited obligations of the City and the Series 2017 Bonds are payable solely from and secured by certain funds appropriated by the City and other moneys on deposit under the applicable indenture. The Series 2017C Bonds are also payable from certain DESA Revenues, which are subject to appropriation by the State. The Series 2017D Bonds are also payable from, and secured by a pledge of, Incremental Tax Revenues relating to the Midtown Redevelopment Project, consisting of the PILOTS which are not subject to appropriation under the TIF Act (although City policy requires such appropriation), and the EATS and Super TIF Revenues which are subject to appropriation. The Series 2017 Bonds do not constitute a general obligation of the City and do not constitute an indebtedness of the City, the State or any political subdivision of the State within the meaning of any constitutional or statutory provision or limitation. Neither the City, the State, nor any political subdivision of the State is obligated to levy any tax or to make any appropriation for the payment of the Series 2017 Bonds.

Non-Appropriation

The application of Appropriated Moneys, City Revenues, EATS and Super TIF Revenues to the payment of the principal of and interest on the Series 2017 Bonds of each series is subject to annual appropriation by the City. Although the City has covenanted in each indenture for the Series 2017 Bonds of the applicable series that the appropriation of the Appropriated Moneys, City Revenues, EATS or Super TIF, as applicable, will 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 make any such appropriation.

Factors which may affect the willingness of the City Council to appropriate the principal of and interest on the Series 2017 Bonds include, but are not limited to, the sufficiency of legally available funds of the City to make such payments and other needs of the City with respect to the use of such funds for its governmental purposes.

In considering the payments of principal of and interest on the Series 2017 Bonds, the annual appropriation nature of such payments impacts their value as security for the Series 2017 Bonds. If the City fails to appropriate funds for the payment of the principal of and interest on the Series 2017 Bonds for any reason, those funds will not be available for payment of the Series 2017 Bonds. The failure of the City to appropriate funds for the payment of the principal of and interest on the Series 2017 Bonds is not an Event of Default under an indenture and there is no available legal remedy to compel such appropriation. Without the appropriated funds, the City would be unable to pay debt service on the Series 2017 Bonds. Further, although the TIF Act does not require appropriation of PILOTS for the payment of debt service on the Series 2017D Bonds, City policy does require appropriation of PILOTS for such purpose.

Limitation on Imposition of Earnings Tax

In November 2010, Missouri voters approved an initiative petition that, after December 31, 2011:

- repealed the authority of certain cities to use earnings taxes to fund their budgets;
- required voters in constitutional charter cities that had an earnings tax on November 2, 2010 (Kansas City and St. Louis) to approve continuation of the tax for a period of five years at the next general municipal election;
- requires an election every five years thereafter to continue the earnings tax;
- requires any current earnings tax that is not approved by the voters at each five-year election to be phased out over a period of 10 years; and
- prohibits any city from adding a new earnings tax to fund their budget.

At an election held on April 5, 2011, voters approved continuation of the City's one percent earnings tax through 2016 with 78% of voters in favor. At an election held on April 5, 2016, voters approved continuation of the City's one percent earnings tax through 2021 with 77% of voters in favor. The City will hold an election every five years thereafter to affirm the retention of the City earnings tax. The City cannot predict whether City voters will elect to retain the earnings tax at any future five-year election or if future legislation may affect the City's ability to collect the earnings tax. The next election will be held in 2021.

For the City's fiscal year ended April 30, 2016, the City received gross earnings tax revenues of approximately \$235 million. If City voters vote not to retain the earnings tax at any future five-year election, beginning on January 1 of the calendar year following the election, the City would be required to reduce the earnings tax by 10% of the original earnings tax every year for 10 years until the tax is completely phased out.

Any future phase-out of the City's earnings tax would have a material adverse effect on the City's revenues to support general operations and could adversely affect its ability to pay debt service. There can be no assurance that the City would be able to fully mitigate the impact of the annual reductions in revenues if the earnings tax is phased out.

Risk of Non-Appropriation of the DESA Revenues by the State

DESA Revenues are subject to annual appropriation by the Missouri General Assembly and approval by the Governor of Missouri. There can be no assurance that the State appropriation will be made. If the amount of DESA Revenues is less than anticipated or if the DESA Revenues are not appropriated for debt service payments on the Series 2017C Bonds, the City may have to appropriate additional moneys to make up such deficiency. There can be no assurance that any such appropriation will be made.

Future Taxpayer and Legislative Challenges

Individual taxpayers and taxpayer advocacy groups have previously filed petitions and protests placing restrictions on the City's ability to levy, impose and collect certain types of taxes and may, from time to time, submit challenges in the future, including filing lawsuits. In addition, from time to time, bills have been introduced in the Missouri Legislature that, if enacted and signed into law, would prohibit or place restrictions on the City's ability to levy, impose and collect certain types of taxes, fines or

assessments and to apply the revenue from such taxes, fines or assessments. The City cannot predict whether any future taxpayer challenge will be successful or whether any legislative proposal will be enacted and how, if successful or enacted, they would impact the ability of the City to impose and collect taxes, fines or assessments and if such impact would have a material adverse effect on the City's revenue to support general operations or could adversely affect its ability to pay debt service.

No Mortgage

Payment of the principal of and interest on the Series 2017 Bonds is not secured by any deed of trust, mortgage or other lien on the projects financed or refinanced with the proceeds of the Series 2017 Bonds, any property of the City, or by any pledge of the revenues from the operations of the projects financed or refinanced with the proceeds of the Series 2017 Bonds or the City's enterprise systems.

No Debt Service Reserve for the Series 2017 Bonds

None of the Series 2017 Bonds are secured by a debt service reserve fund. See "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS.**"

Marketability

No assurance can be given that a secondary market for the Series 2017 Bonds will develop following the completion of the offering of the Series 2017 Bonds. The Series 2017 Bonds may not be readily liquid, and no person should invest in the Series 2017 Bonds with funds such person may need to convert readily into cash. Bondowners should be prepared to hold their Series 2017 Bonds to the stated maturity date. The Underwriters will not be obligated to repurchase any of the Series 2017 Bonds, and no representation is made concerning the existence of any secondary market for the Series 2017 Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Series 2017 Bonds and no assurance can be given that the initial offering price for the Series 2017 Bonds will continue for any period of time.

Limitations on Remedies

The remedies available upon a default under each indenture and other legal documents relating to the Series 2017 Bonds will, in many respects, be dependent upon judicial actions, which are often subject to discretion and delay. Under existing constitutional and statutory laws and judicial decisions, including the United States Bankruptcy Code, the remedies specified in the indenture for a series and other legal documents may not be readily available or may be limited. The various legal opinions to be delivered in connection with the issuance of the Series 2017 Bonds of a series will be expressly subject to the qualification that the enforceability of the indenture and other legal documents is limited by bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting the rights of creditors generally and by the exercise of judicial discretion in appropriate cases.

Early Redemption of the Series 2017 Bonds

Each indenture provides that the Series 2017 Bonds are subject to redemption as set forth under the caption "**THE SERIES 2017 BONDS – Redemption**" in this Official Statement. Purchasers of the Series 2017 Bonds should bear in mind that such redemption could affect the price of the Series 2017 Bonds in the secondary market.

Risk of Taxability

For information with respect to events occurring subsequent to issuance of the Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds that may require that interest on such Series 2017 Bonds be included in gross income for purposes of federal income taxation, see “**TAX MATTERS**” in this Official Statement.

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. Co-Bond Counsel cannot predict whether the Service will commence an audit of the Series 2017 Bonds. Owners of the Series 2017 Bonds are advised that, if the Service does audit such Series 2017 Bonds, under current Service procedures, at least during the early stages of an audit, the Service will treat the City as the taxpayer, and the owners of such Series 2017 Bonds may have limited rights to participate in the audit. Public awareness of any audit could adversely affect the market value and liquidity of Series 2017 Bonds during the pendency of the audit, regardless of the ultimate outcome thereof.

City Sewer Overflow Control Plan

In 2003, the City Council directed the City Manager to prepare a long range plan to manage wet weather flow in both the separate and combined sewer systems within the City. In response, Kansas City Water Services Department prepared a long term control plan, commonly referred to as the Overflow Control Plan (hereinafter the “Plan”). Creation of the Plan was driven by requirements of the federal Clean Water Act and by policies of the United States Environmental Protection Agency (EPA) and Missouri Department of Natural Resources (MDNR) related to sewer infrastructure. The Plan is designed to implement remedial system changes designed to prevent as much stormwater as practicable from entering the combined sewer system and separate sewer system to reduce sewer overflows and provide a platform to facilitate implementation of a comprehensive green solutions initiative in the City.

The City’s Plan was developed to meet regulatory requirements related to reducing wet-weather overflows from the combined sewer system and preventing overflows from the separate sewer system. In 2010, the City and its regulatory partners agreed to meet those objectives over a 25-year time period by completing a planned list of improvements targeted at capturing for treatment 88 percent of combined sewer flows and eliminating sanitary sewer overflows during a five-year, twenty-four hour rainfall event. On September 27, 2010, individual elements of the City’s Plan were incorporated into a Consent Decree (the “Consent Decree”) in United States District Court for the Western District of Missouri (the “Court”). Pursuant to the terms of the Consent Decree, the City has implemented a schedule of remedial measures in an effort to eliminate sewer overflows to receiving waters. To date, the City has fulfilled all requirements set forth in the Consent Decree.

The Plan represents a massive public works investment in Kansas City spanning a singular generation. Understanding this, the City and its regulatory partners agreed to include language in the Consent Decree that provides for appropriate modification of its terms and schedules. Beginning in late 2012, the City engaged EPA in an effort to re-sequence specific components of the control measure implementation schedule to defer very substantial, and potentially unnecessary, capital investment by the City while requiring the City to expedite implementation of other components required by the Consent Decree. The EPA approved these changes in the fall of 2014. The First Amendment to Consent Decree was entered by the Court on January 9, 2015.

The City has issued a new (second) request for certain control measure schedule amendments. That request was delivered to EPA on November 14, 2016. The request is pending. Given the duration of the implementation timeframe, a need for additional modification(s) may arise from time to time.

The current estimated capital cost of this control plan is approximately \$4.5 billion, including estimated inflation at the end of the 25-year timeframe. In addition, there is expected to be a \$72 million increase in annual expenditures for operation and maintenance. It is anticipated that this Plan will be funded primarily from the City's sewer fund, which is separate from the general fund. The City does not anticipate that the City's general fund will be relied upon to assist in the financing of the Plan. As implementation of the Plan continues, specific financing strategies to offset the cost will be evaluated and implemented, which could include appropriation of moneys from the City's general fund.

The Overflow Control Program contains some 109 overflow control measure projects to be implemented over the 25-year implementation period. The program is currently on schedule and on budget with the Water Services Department having completed 11 projects and currently implementing 36 projects.

The Consent Decree can be found at:
<https://www.kcwaterservices.org/wp-content/uploads/2013/04/Consent-Decree.pdf>.

Future Legislation

Congress may from time to time consider legislative proposals which, if enacted, would limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. Future legislative proposals could prevent investors from realizing the full current benefit of the tax-exemption on interest and may affect the market value of the Series 2017 Bonds. The City cannot predict whether such future legislative proposals will be enacted and how they will impact the excludability of the interest on the Series 2017 Bonds for federal income tax purposes. Prospective purchasers of the Series 2017 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Co-Bond Counsel expresses no opinion.

LITIGATION

As of the date hereof, there is no litigation, controversy or other proceeding of any kind pending or, to the City's knowledge, threatened in which any matter is raised or may be raised questioning, disputing, challenging or affecting in any way the legal organization of the City or its boundaries, the right or title of any of the City's officers to their respective offices, the constitutionality or validity of the Series 2017 Bonds, the legality of any official act taken in connection with the execution and delivery of any Indenture for the Series 2017 Bonds or the legality of any of the proceedings had or documents entered into in connection with the authorization, execution and delivery of each indenture for the Series 2017 Bonds or the issuance of the Series 2017 Bonds.

Although the City is subject from time to time to pending or threatened litigation or administrative proceedings (including but not limited to a judgment rendered against the City on February 28, 2017, by a district court in litigation over the City's trash rebate program with potential liability in excess of \$10,000,000), the final settlement thereof is not expected to materially adversely affect the payment of the Series 2017 Bonds. The City is not involved in any litigation that might affect the City's ability to meet its obligations to pay the principal of and interest on the Series 2017 Bonds.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series 2017 Bonds by the City are subject to the approving legal opinion of Kutak Rock LLP and Hardwick Law Firm, LLC, Kansas City, Missouri, Co-Bond Counsel, whose approving opinion will be delivered with the Series 2017 Bonds. A copy of the proposed form of such opinion is attached as **Appendix D** to this Official Statement. Co-Bond Counsel express no opinion as to the accuracy or sufficiency of any information contained in this Official Statement or any of the appendices to this Official Statement except for the matters appearing in the sections of this Official Statement captioned “**INTRODUCTION – the Series 2017 Bonds,**” “**THE SERIES 2017 BONDS**”, “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS**” and “**TAX MATTERS**” and the matters appearing in **Appendix B** and **Appendix D** to this Official Statement. Certain legal matters will be passed upon for (i) the City by the Office of the City Attorney and (ii) the Underwriters by Bryan Cave LLP, Kansas City, Missouri. Certain disclosure matters will be passed upon for the City by its co-disclosure counsel, Kutak Rock LLP, Kansas City, Missouri and Hardwick Law Firm, LLC, Kansas City, Missouri.

The legal opinions to be delivered concurrently with the delivery of the Series 2017 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 transactions opined upon or of the future performance of parties to such transaction, and the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds - In General

In the opinion of Kutak Rock LLP and Hardwick Law Firm, LLC, Co-Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2017B Bonds, the Series 2017C Bonds and the Series 2017D Bonds (collectively, the “Series 2017 Tax-Exempt Bonds”) is excludable from gross income for federal and Missouri income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code (the “Code”) that must be met subsequent to the issuance of the Series 2017 Tax-Exempt Bonds. Failure to comply with such requirements could cause interest on the Series 2017 Tax-Exempt Bonds to be included in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Series 2017 Tax-Exempt Bonds. The City has covenanted to comply with such requirements.

Notwithstanding Co-Bond Counsel’s opinion that interest on the Series 2017 Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation’s adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

Except as stated above, Co-Bond Counsel has expressed no opinion as to any federal, state or local tax consequences arising with respect to the Series 2017 Tax-Exempt Bonds.

The accrual or receipt of interest on the Series 2017 Tax-Exempt Bonds may otherwise affect the federal (and, in some cases, state and local) income tax liability of the owners of the Series 2017 Tax-Exempt Bonds. The extent of these other tax consequences will depend upon such owner’s particular tax

status and other items of income or deduction. Co-Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2017 Tax-Exempt Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2017 Tax-Exempt Bonds.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2017 Tax-Exempt Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007, to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. This reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2017 Tax-Exempt Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Original Issue Discount

Series 2017 Tax-Exempt Bonds sold at an initial public offering price that is less than the stated amount to be paid at maturity constitute "Discount Bonds." The difference between the initial public offering prices, as set forth on the inside front cover page of this Official Statement, of such Discount Bonds and their stated amounts to be paid at maturity, constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Original Issue Premium

Series 2017 Tax-Exempt Bonds sold at an initial public offering price that is greater than the stated amount to be paid at maturity constitute “Premium Bonds.” An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to the call premium). As premium is amortized, the amount of amortization offsets a corresponding amount of interest for the period and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Series 2017A Bonds - In General

Bond Counsel is also of the opinion that interest on the Series 2017A Bonds is included in gross income for federal income tax purposes.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Series 2017A Bonds under the Code and the Regulations, and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws.

Potential purchasers of the Series 2017A Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2017A Bonds.

In general, interest paid on the Series 2017A Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the Series 2017A Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital.

Bond Premium

An investor that acquires a Series 2017A Bond for a cost greater than its remaining stated redemption price at maturity and holds such bond as a capital asset will be considered to have purchased such bond at a premium and, subject to prior election permitted by Section 171(c) of the Code, may generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Bond premium is generally amortized over

the bond's term using constant yield principles, based on the purchaser's yield to maturity. Investors of any Series 2017A Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

Market Discount

An investor that acquires a Series 2017A Bond for a price less than the adjusted issue price of such bond (or an investor who purchases a Series 2017A Bond in the initial offering at a price less than the issue price) may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (a) in the case of a Series 2017A Bond originally issued at a discount, the amount by which the issue price of such bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a Series 2017A Bond not originally issued at a discount, the amount by which the stated redemption price of such bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Series 2017A Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a bond or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a Series 2017A Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Series 2017A Bond that acquired such bond at a market discount also may be required to defer, until the maturity date of such bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2017A Bond for the days during the taxable year on which the owner held such bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2017A Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Treasury regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Unearned Income Medicare Contribution Tax

Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the Series 2017A Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the Series 2017A Bonds and to gain on the sale of a Series 2017A Bond.

Sales or Other Dispositions

If the owner of a Series 2017A Bond sells the bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner's basis in such bond. Ordinarily, such gain or loss will be treated as a capital gain or loss.

If the terms of a Series 2017A Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a Series 2017A Bond should consult its own tax advisor concerning the circumstances in which such bond would be deemed reissued and the likely effects, if any, of such reissuance.

Defeasance

The legal defeasance of the Series 2017A Bonds may result in a deemed sale or exchange of such bonds under certain circumstances. Owners of such Series 2017A Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding

An owner of a Series 2017A Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Series 2017A Bonds, if such owner, upon issuance of the Series 2017A Bonds, fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Foreign Investors

An owner of a Series 2017A Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Series 2017A Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Series 2017A Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term "United States person" means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America

is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30% United States withholding tax will apply to interest paid and original issue discount accruing on Series 2017A Bonds owned by foreign investors. In those instances in which payments of interest on the Series 2017A Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Series 2017A Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Series 2017A Bond.

Tax-Exempt Investors

In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a Series 2017A Bond incurs acquisition indebtedness with respect to such bond, interest paid or accrued with respect to such owner may be excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a Series 2017A Bond is urged to consult its own tax advisor regarding the application of these provisions.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Series 2017A Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the Series 2017A Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Issuer or any dealer of the Series 2017A Bonds might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code, with respect to an

ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the Series 2017A Bonds are acquired by such plans or arrangements with respect to which the Issuer or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Series 2017A Bonds. The sale of the Series 2017A Bonds to a plan is in no respect a representation by the Issuer or the Underwriter that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the Series 2017A Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

Changes in Federal Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2017 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2017 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2017 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2017 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2017 Bonds and Co-Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

FINANCIAL STATEMENTS AND FINANCIAL INFORMATION

The City maintains its financial records on the basis of a fiscal year ending April 30. Set forth in **Appendix A** are the Financial Section and the Required Supplementary Information sections of the financial statements of the City for the fiscal year ended April 30, 2016. Such financial statements have been audited by BKD, LLP, Kansas City, Missouri, independent certified public accountants. The City did not ask BKD, LLP, to perform any additional work or any post-audit procedures more recently than the April 30, 2016, audit with respect thereto. The financial information included in **Appendix A** is not necessarily indicative of the financial results to be achieved for future periods.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the owners of the Series 2017 Bonds to send annual reports, consisting of certain financial information and operating data, and notice of certain events, to the Municipal Securities Rulemaking Board (“MSRB”), pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12, as amended (the “Rule”). See **Appendix E** to this Official Statement for the form of Continuing Disclosure Undertaking. A failure by the City to comply with such undertaking will not constitute a default on the Series 2017 Bonds. Nevertheless, a failure to provide annual reports must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2017

Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2017 Bonds and their market price.

The City has previously entered into continuing disclosure undertakings under the Rule with respect to certain of its other bond issues, pursuant to which the City annually files the requisite audited financial statements and certain other information with the MSRB through its Electronic Municipal Market Access (“EMMA”) system. To the best of its knowledge, the City has materially complied with its prior undertakings entered into pursuant to the Rule for the past five years.

CERTAIN RELATIONSHIPS

Kutak Rock LLP serves as co-bond counsel and co-disclosure counsel in this transaction and also represents the Underwriters and the City from time to time in other transactions.

Hardwick Law Firm, LLC serves as co-bond counsel and co-disclosure counsel in this transaction and also represents the Underwriters and the City from time to time in other transactions.

Bryan Cave LLP serves as counsel to the Underwriters in this transaction. That firm also represents the City from time to time in other transactions.

UNDERWRITING

The Series 2017 Bonds are being purchased from the City pursuant to a single Bond Purchase Agreement between the City and J.P. Morgan Securities LLC, on behalf of itself and George K. Baum and Company, Fifth Third Securities Inc., Valdés & Moreno, Inc. and Loop Capital Markets as Underwriters (the “Bond Purchase Agreement”).

The Bond Purchase Agreement provides that the Series 2017A Bonds shall be purchased by the Underwriters for a purchase price of \$31,470,805.39 (which is equal to the aggregate principal amount of the Series 2017A Bonds of \$31,610,000.00, less an Underwriters’ discount of \$139,194.61).

The Bond Purchase Agreement provides that the Series 2017B Bonds shall be purchased by the Underwriters for a purchase price of \$20,466,190.22 (which is equal to the aggregate principal amount of the Series 2017B Bonds of \$19,185,000, plus reoffering premium of \$1,395,426.30, less original issue discount of \$53,148.00, and less an Underwriters’ discount of \$61,088.08).

The Bond Purchase Agreement provides that the Series 2017C Bonds shall be purchased by the Underwriters for a purchase price of \$100,334,433.70 (which is equal to the aggregate principal amount of the Series 2017C Bonds of \$89,410,000, plus reoffering premium of \$11,577,867.30, less original issue discount of \$337,609.25, and less an Underwriters’ discount of \$315,824.35).

The Bond Purchase Agreement provides that the Series 2017D Bonds shall be purchased by the Underwriters for a purchase price of \$17,622,158.94 (which is equal to the aggregate principal amount of the Series 2017D Bonds of \$16,185,000, plus reoffering premium of \$1,477,563.70 and less an Underwriters’ discount of \$40,404.76).

The Bond Purchase Agreement provides that the Underwriters will purchase all of the Series 2017 Bonds if any are purchased. The Bond Purchase Agreement also provides that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. To the extent allowed by law and subject to appropriation by the City Council, the City has agreed in the Bond

Purchase Agreement to indemnify the Underwriters for certain liabilities, including certain liabilities under federal and state securities laws.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Series 2017 Bonds, has entered into negotiated dealer agreements (for purposes of this paragraph only, each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2017 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Loop Capital Markets LLC, one of the Underwriters of the Series 2017 Bonds, has entered into a distribution agreement with UBS Financial Services Inc. (“UBSFS”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the distribution agreement, UBSFS will purchase such Bonds from Loop Capital Markets LLC at the original issue prices less a negotiated portion of the selling concession applicable to any Bonds that the firm sells.

The Underwriters may offer and sell the Series 2017 Bonds to certain dealers, including dealers depositing Series 2017 Bonds into investment trusts and others at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Underwriters.

Certain of the Underwriters and their respective affiliates together comprise full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Such activities may involve or relate to assets, securities and/or instruments of the City (whether directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with (or that are otherwise involved with transactions by) the City. Certain of the Underwriters and their respective affiliates may have, from time to time, engaged, and may in the future engage, in transactions with, and performed and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses. Under certain circumstances, certain of the Underwriters and their respective affiliates may have certain creditor and/or other rights against the City and any affiliates or agencies thereof in connection with such transactions and/or services. In addition, certain of the Underwriters and their respective affiliates may currently have and may in the future have investment and commercial banking, trust and other relationships with parties that may relate to assets of, or be involved in the issuance of securities and/or instruments by, the City and any affiliates or agencies thereof. The Underwriters and their respective affiliates also may communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

CO-FINANCIAL ADVISORS

FirstSouthwest, a Division of Hilltop Securities, Inc., and Moody Reid were retained by the City to act as Co-Financial Advisors in connection with this financing. The fees paid to the Co-Financial Advisors with respect to the sale of the Series 2017 Bonds are contingent upon the issuance and delivery of the Series 2017 Bonds. The Co-Financial Advisors have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Co-Financial Advisors do not guarantee the accuracy or completeness of such information. The Co-Financial Advisors will not participate in the underwriting of the Series 2017 Bonds.

BOND RATINGS

Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a division of McGraw-Hill Financial, Inc. have assigned their long-term municipal bond ratings of "A1" and "AA-" respectively, to the Series 2017 Bonds based on the City's covenant to request an annual appropriation to pay debt service on the Series 2017 Bonds.

Any explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. Certain information and materials not included in this Official Statement were furnished to the rating agencies concerning the Series 2017 Bonds. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. There is no assurance that the ratings mentioned above will remain for any given period of time or that any or all of them might not be lowered or withdrawn entirely by any rating agency, if in its judgment circumstances so warrant. The Underwriters have no responsibility to bring to the attention of the Bondholders any proposed revision or withdrawal of the ratings on such Series 2017 Bonds. Any such downward change in or withdrawal of any or all of such ratings might have an adverse effect on the market price for and marketability of the Series 2017 Bonds.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision and withdrawal at any time.

MISCELLANEOUS

The references herein to the Series 2017A and B Indenture, the Series 2017C Indenture, the Series 2017D Indenture and the Continuing Disclosure Undertaking are brief outlines of certain provisions of such documents and do not purport to be complete. Copies of such documents are on file at the offices of the Underwriters (see the section herein captioned "**INTRODUCTION - Definitions and Summaries of Documents**") and following delivery of the Series 2017 Bonds will be on file at the office of the applicable trustee for the Series 2017 Bonds of a series.

The cover page and the attached Appendices are integral parts of this Official Statement and must be read together with all of the foregoing statements.

Except for the information expressly attributed to other sources, all information in this Official Statement has been provided by the City. The presentation of information in this Official Statement, including any tables or receipts of various taxes, is intended to show recent historic information, but is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience as might be shown by such financial or other information will necessarily continue or be repeated in the future. The Appendices to this Official Statement contain selected financial data relating to the City and are integral parts of this document, to be read in their entirety. Information set forth in this Official Statement has been furnished or reviewed by certain officials of the City and other sources, as referred to herein, which are believed to be reliable. Any statements made in this Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or projections will be realized. The descriptions contained in this Official Statement of the Series 2017 Bonds, the Series 2017A and B Indenture, the Series 2017C Indenture and the Series 2017D Indenture do not purport to be complete and reference is made to such documents for full and complete statements of their respective provisions.

Simultaneously with the delivery of the Series 2017 Bonds, the Director of Finance of the City, acting on behalf of the City, will furnish to the Underwriters a certificate which will state, among other things, that to the best knowledge and belief of such officer, this Official Statement (and any amendment

or supplement hereto) as of the date of sale and as of the date of delivery of the Series 2017 Bonds does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstance under which they were made, not misleading in any material respect.

The form of this Official Statement, and its distribution and use by the Underwriters, has been approved by the City. Neither the City nor any of its officers, directors or employees, in either their official or personal capacities has made any warranties, representations or guarantees regarding the financial condition of the City or the City's ability to make payments required of it; and further, neither the City nor its officers, directors or employees assumes any duties, responsibilities or obligations in relation to the issuance of the Series 2017 Bonds other than those either expressly or by fair implication imposed on the City by the Ordinance and the Series 2017A and B Indenture, the Series 2017C Indenture and the Series 2017D Indenture.

This Official Statement is not to be construed as a contract or agreement between the City and purchasers or Owners of any of the Series 2017 Bonds.

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The City has reviewed the information contained herein which relates to it and has approved all such information for use in this Official Statement.

CITY OF KANSAS CITY, MISSOURI

By: /s/ Randall J. Landes
Randall J. Landes
Director of Finance

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APPENDIX A

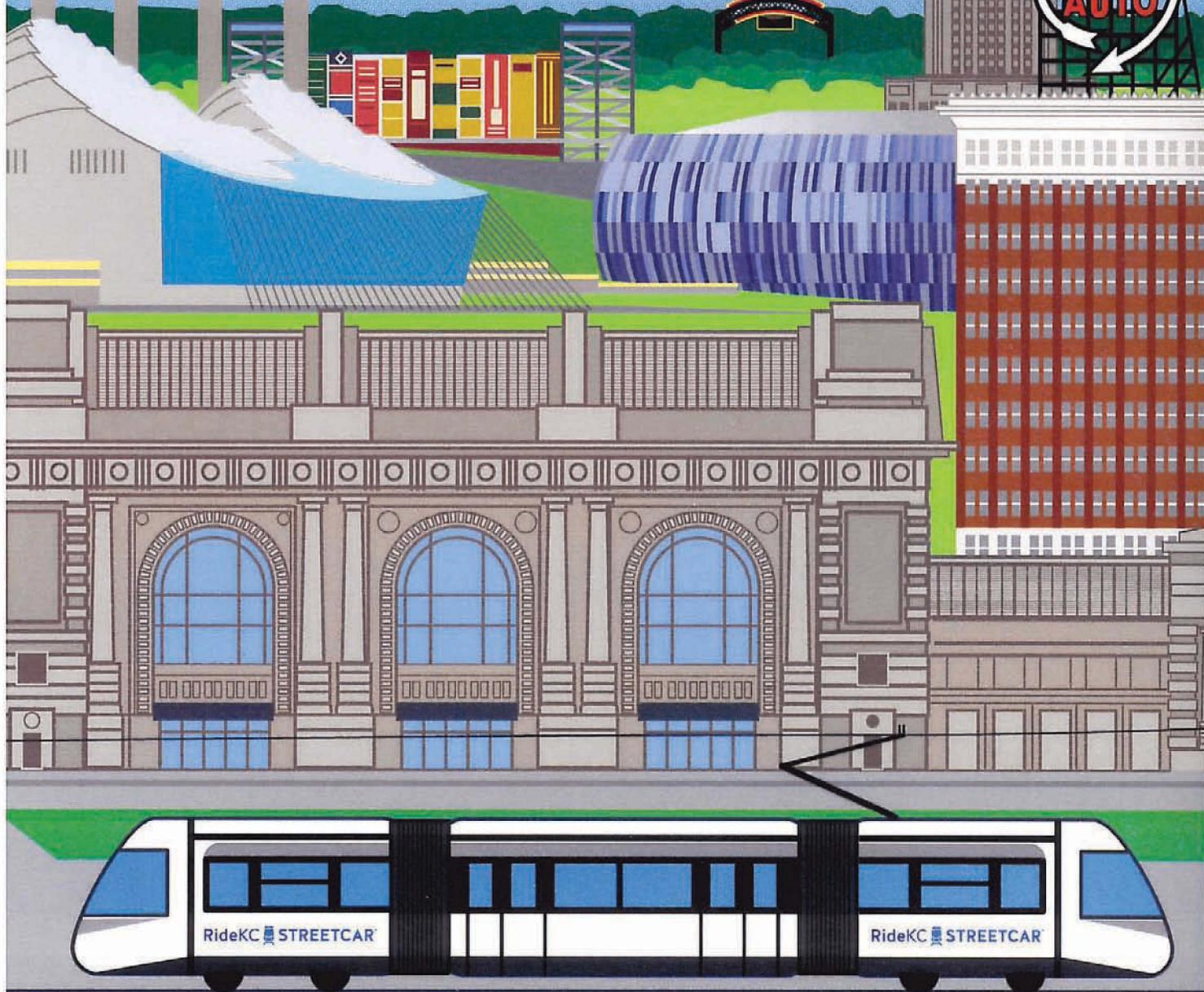
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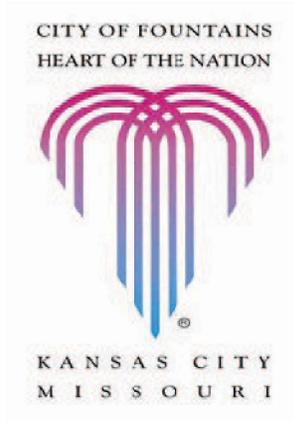
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
APRIL 30, 2016



CITY OF KANSAS CITY, MISSOURI

CITY OF KANSAS CITY, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED APRIL 30, 2016



CITY COUNCIL

Sylvester "Sly" James, Jr., Mayor

Scott Wagner

Heather Hall

Teresa Loar

Dan Fowler

Quinton Lucas

Jermaine Reed

Katheryn Shields

Jolie Justus

Lee Barnes, Jr.

Alissia Canady

Scott Taylor

Kevin McManus

City Manager
Troy M. Schulte

Director of Finance
Randall J. Landes

Prepared by the Finance Department

City of Kansas City, Missouri
Comprehensive Annual Financial Report
April 30, 2016

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Finance Department

Office of the Director

3rd Floor, City Hall
414 East 12th Street
Kansas City, MO 64106-

(816) 513-1173
Fax: (816) 513-1174

October 31, 2016

Honorable Mayor, City Council, City Manager, and Citizens of Kansas City:

In accordance with Missouri state law requiring political subdivisions to make an annual report of financial transactions to the State Auditor, it is my pleasure to issue the Comprehensive Annual Financial Report (CAFR) of the City of Kansas City, Missouri (the “City”) for the fiscal year ended April 30, 2016. The attached CAFR is prepared in conformity with generally accepted governmental auditing standards, attested by a certified public accountant and is in accordance with local, state, and federal laws and requirements. The independent accounting firm of BKD, LLP whose report is included, has audited the financial statements and related notes. The independent accounting firm of CMA Group, LLC conducted the single audit, as required under OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, which superseded OMB Circular A-133.

The report is designed to fairly present the City's financial position and results of operations as measured by the financial activity of the various funds. The City is responsible for both the accuracy of the data and the completeness and fairness of the presentations, based upon a comprehensive framework of internal control that it has established for this purpose. Sufficient internal accounting controls exist to provide reasonable, rather than absolute, assurance regarding the safekeeping of assets and fair presentation of the financial statements, supporting schedules, and statistical tables. The data presented is accurate in all material respects. All disclosures necessary to enable the reader to acquire an understanding of the City's financial activity are in the financial section of this report, which includes management's discussion and analysis (MD&A). MD&A complements this letter of transmittal and should be read in conjunction with it.

This report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) in conformance with the standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB), using the guidelines recommended by the Government Finance Officers Association (GFOA). During fiscal year 2014, the City implemented its structurally balanced budget policy. The National Advisory Council on State and Local Budgeting recommends cities and counties develop strategies to facilitate attainment of programs and financial goals. The policy is based on GFOA best practices for structurally balanced budgets and the City's Forging Our Comprehensive Urban Strategy (FOCUS) Governance Plan.

Effective May 1, 2015, the City adopted GASB Statement No. 68 (GASB No. 68), *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

GASB Statement No. 67 establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions and paying benefits to plan members as they come due.

For defined benefit pensions, GASB Statement No. 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

This report may be obtained by calling the Finance Department’s Division of Accounts at (816) 513-1173, or via the City’s website at <http://kcmo.gov>.

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PROFILE OF THE GOVERNMENT

The City of Kansas City, Missouri was incorporated in June, 1850 and has the largest municipal government in the state of Missouri. Under a home-rule charter adopted in 1925 and revised in 2006, a mayor and 12 council members, who may serve two consecutive four-year terms, represent six council districts. The mayor and six council members are elected at-large, and voters elect the remaining six council members within their council districts. The Mayor recommends and the City Council approves the selection of the City Manager, who is the chief administrative officer.

Kansas City, known as the "City of Fountains-Heart of the Nation," is centrally located within 250 miles of the geographic center of the nation. The maximum distance from Kansas City to anywhere in the continental United States is approximately 1,900 miles. The City includes land area in Cass, Clay, Jackson, and Platte Counties and covers 319 square miles, the 14th largest land area in the country. Much of the City north of the Missouri River, known as the northland, remains undeveloped.

Kansas City is a full-service city providing a wide range of municipal services including: financial services; administration of zoning and subdivision regulations; community development and neighborhood services; convention and entertainment facilities; fire and police protection; emergency medical services; public health services; refuse collection; housing; management of international and municipal airports; planning and maintenance of the City's parks, golf courses, community centers, and swimming pools; construction and maintenance of streets, roads, bridges, street lighting, and traffic systems; tree planting; and water and sewage treatment.

The City has 19 departments: Aviation, City Auditor, City Clerk, City Manager, City Planning and Development, Convention and Entertainment Facilities, Finance, Fire, General Services, Health, Human Relations, Human Resources, Law, Municipal Court, Neighborhood and Housing Services, Parks and Recreation, Police, Public Works, and Water Services.

Three departments, City Auditor, City Clerk and City Manager, report to the Mayor and City Council. The Parks and Recreation Department reports to the mayor-appointed, five-member Board of Parks and Recreation Commissioners. The Police Department, a discretely-presented component unit, reports to a governor-appointed, five-member Board of Police Commissioners, one of whom is the Mayor. The remaining departments report directly to the City Manager.

Based on the requirements of GASB Statements No. 14, 39 and 61, other related entities are included in the CAFR as blended or discretely presented component units. The City has three blended component units that are legally separate entities and are part of the City's operations and fourteen discretely presented component units. Detailed information on the component units may be found in the MD&A and footnote number one to the financial statements.

LOCAL ECONOMY

Kansas City, Missouri is situated at the junction of the Missouri and Kansas rivers and sits opposite Kansas City, Kansas. It is the largest city in the Kansas City Metropolitan Area; the most populous city in Missouri, the sixth largest city in the Midwest, and the 37th most populous city in the United States. Kansas City's location makes it a national transportation hub. The most geo-central market in the nation, metro Kansas City is served by three interstate highways. Kansas City has a diversified economy including transportation, telecommunications, manufacturing, health care, legal services,

trade, financial services, and governmental services. The region provides access to over one million jobs in over seven hundred occupations. The top three employers by industry within Kansas City are Services at 35%, which includes professional and business services, as well as education and health services; Trade, Transportation, and Utilities at 20%; and Government at 14%. Castlight Health Inc, a health management company, ranked Kansas City seventh in its index for healthcare affordability.

CNBC's article "40 Best Cities for College Grads" ranked Kansas City as the third best city for recent graduates to start their careers. Among the other cities in this list, Kansas City was ranked fourth in Affordability and sixth in Job Availability. The *Wall Street Journal* labeled Kansas City as one of the "Hot Places for Start-Ups." Business Insider also ranked Kansas City as a top 10 city of fastest growing tech start-up scenes. According to a study released by the Brookings Institution, Kansas City ranks seventeenth among domestic metro areas in terms of its green jobs count. *Forbes* identified Kansas City as one of the "Top 15 Cities for Female Entrepreneurs" and ranked Kansas City as the seventh best city for manufacturing jobs. *Forbes* also named Kansas City third on its list of the "10 Best Cities to Buy a Home," which followed up a prior survey naming the City as the thirteenth most affordable city in the United States for its low cost of living and housing affordability. In 2016, the *Huffington Post* ranked Kansas City as the fourth most affordable city in reference to the City's higher-than-average incomes with lower-than-average rents. *The Wall Street Journal* in an article "Luxury Living in Downtown" stated that "with little glitz and fanfare, downtown Kansas City, Missouri has emerged as a top draw among empty nesters and young professionals looking for an urban lifestyle," citing that "behind the surprising rise is a thriving arts scene, newly revamped public spaces and solid job growth."

Travel + Leisure ranked Kansas City in the top 25 of America's Favorite Cities. Travel + Leisure also ranked Kansas City as the number one city for an affordable getaway based on hotel cost and great value for food and entertainment. As the only destination in the United States to be featured in *Frommer's* top ten list, Kansas City was recognized for a growing number of hot spot attractions such as the Kauffman Center for the Performing Arts, the National World War I Museum, the Nelson-Atkins Museum of Art, the American Jazz Museum, the Negro Leagues Baseball Museum and the College Basketball Experience.

Per the Bureau of Labor Statistics, the average unemployment rate (not seasonally adjusted) for Kansas City through May 2016 is 4.6%, which is 0.4 percentage points lower than the same average rate in May 2015. This compares to the national average unemployment rate of 5.0% through May 2016.

MAJOR INITIATIVES

The City is pleased to have initiated or completed several projects independently and in conjunction with private partners during the year. These projects provide enhancements for the citizenry in a variety of areas including public safety, culture and recreation, technology and neighborhood and economic development.

Smart City

Kansas City is now the world's most connected Smart City thanks to the installation of cutting-edge technologies which will improve everyday experiences for residents. The more than \$15 million public-private partnership includes the most extensive deployment of public wi-fi and attached

sensors in the world; over 51 blocks along Main Street from the River Market to Union Station are connected. Among the infrastructure elements are 328 wi-fi repeaters, 171 smart street lights and 25 interactive kiosks. These Smart City initiatives will help the City of Kansas City use real-time data to deliver basic services more efficiently. The Smart City initiatives are also expected to attract economic development and entrepreneurs.

Kansas City was a top-seven finalist for the Smart City Challenge grant offered by the U.S. Department of Transportation. While the City did not win the grant, its application has become a blueprint for future smart city innovations that will become reality as the City activates public-private partnerships and locates funding from different sources. The elements of the application that focused on providing the same wi-fi and connected capabilities as currently found on Main Street are in development and are likely to be deployed in 2017/2018.

KCMO Arts Convergence

KCMO Arts Convergence Plan is a new cooperative effort to strengthen and leverage the arts and cultural community, and to fulfill the City's momentum in becoming a national cultural center. The plan was adopted by City Council in November 2013 and is a result of arts, civic and community leaders, convened as part of the Mayor's Task Force on the Arts to position City government to make a major advance in cultural development. The plan established a vision for cultural development outlined by 10 goals and related strategies for implementation over the next 10 years. The Office of Culture and Creative Services (OCCS) was established under the City Manager's Office in 2015, and serves the residents of Kansas City by bolstering and catalyzing arts, culture and creativity and by advancing arts as a strategy for economic development, neighborhood revitalization, and cultural vitality for its citizens. OCCS oversees administration of the Neighborhood Tourist Development Fund, which provides support for non-profit organizations to promote Kansas City's distinct and diverse neighborhoods through cultural, ethnic, historic, educational, and recreational activities, thus promoting the City as a premier convention, visitor, and tourist center. Accomplishments in 2016 include: 1) expansion of the artist microloan programs resulting in a total pool of \$650,000; 2) receipt of a National Endowment for the Arts Our Town grant to integrate local artistic production into the creation of public spaces in the West Bottoms, 3) creation of a Film Development Program to increase the number of film productions in Kansas City, sustain the number of local jobs in the industry, and strengthen the City's national reputation as a place for creative businesses, and 4) completion of the ArtSpace Preliminary Feasibility Report to assess the live/work space needs, trends, and vision of the area's arts and creative community.

KCStat

In late 2011, the City launched KCStat, a data-driven, public-facing initiative focused on improving the efficiency and effectiveness of City services. This initiative improves City services and government accountability by publicly outlining and discussing the progress toward the goals and objectives from the City's Citywide Business Plan, which are measured using performance indicators for outputs, outcomes, and efficiency. Public meetings to discuss these goals and the related data occur monthly and curated data visualizations are available on the public-facing KCStat dashboard website. A related internal performance management effort, DepartmentStat, hones in on goals within six departments and focuses on improving data-driven management at an operational level. KCStat and DepartmentStat have led to improved accountability toward the City's goals, an

understanding of barriers and opportunities that are present in achieving these goals, and targeted resource allocation decisions that address these opportunities and barriers.

AdvanceKC

In 2012, the City completed a comprehensive economic development strategic planning process called AdvanceKC with the goal of identifying key areas of competitiveness around which the City should focus its future economic development efforts. Those areas of competitiveness, or the “What” Kansas City should do to compete for the highest value jobs, provide a workforce capable of supporting the growing needs of local companies, and foster a quality of life and a place to attract workers, residents, and visitors. Those competitive factors were centered around 10 categories - Arts and Leisure, Business Climate, Connectivity and Collaboration, Infrastructure Development, Innovation and Entrepreneurship, Mobility, Public Safety, Talent Development and Education, Target Sector Support and Urban Land Use and Revitalization. The plan identified strategies and best practices for each competitive category which were then used to build an Implementation Plan including proposed timelines, support resources and project leaders, which is expected to be updated in 2017. In addition to these competitive strategies, the plan recommended a series of operational enhancements to help enhance an effective overall economic development process and activities necessary to ensure the on-going implementation of the plan.

This plan and its recommendations have resulted in significant improvements to the City’s process of coordinating, evaluating, identifying, and capitalizing on economic development opportunities. Some of the improvements that have been made since 2012 as a result of this plan include – establishment of the Economic Development Corporation of Kansas City as the single point for economic incentives, creating a clear path for developers to initiate redevelopment partnerships with the public sector; a smaller, more streamlined and agile Board of Directors for the Economic Development Corporation focused on attracting and retaining the highest quality jobs to Kansas City; creation of an Advocacy Council comprised of business, industry, and civic leaders in the community coming together to collectively promote Kansas City and support policies and initiatives to grow the local economy; establishment of Industry Councils to provide customized industry support to each of the City’s newly identified Target Sectors - Health Sciences & Services, Financial Services, Design & Engineering, Supply Chain Management, Advanced Manufacturing, Nonprofit Management, Entrepreneurs, and the Arts; outsourcing of Tax Increment Financing accounting to a third-party administrator under the supervision of the City, ensuring the highest standards of financial and managerial oversight for this important program; multiple enhancements to the incentives review process including - improved transparency and communication, expanded engagement of partner agencies, and a stronger and more rigorous financial evaluation of projects seeking economic development incentives. As a result of AdvanceKC and the leadership of our elected officials, Kansas City is enjoying great momentum and the City is utilizing economic development partnerships and tools differently than it did 20 years ago.

Land Bank

Legislation approved by the State of Missouri in August 2012, allowed the City to establish a land bank. Subsequently, the City Council approved Ordinance No. 120779 in September 2012 to establish the Land Bank of Kansas City, Missouri. The purpose for the Land Bank is to return abandoned properties to productive use and reduce the blight that exists in the neighborhoods where they are located. Funding for the Land Bank totals approximately \$2.0 million a year and is dedicated to demolition, lot clean-up, mowing, weed cutting and other operating expenses.

In February 2016, Land Bank rolled out the Dollar Home Program. The program identified 135 Land Bank houses to be sold for \$1. The houses on the list either had open dangerous buildings cases or were slated for demolition. The program requires the buyer to secure the property title, fix exterior code violations within 120 days, and bring the house up to habitable standards within one year. After completion of rehabilitation is verified, proof that the owner occupant is residing in the house, and the dangerous building certificate is released; Land Bank will reimburse \$8,500 to the owner occupant with the restriction that they reside in the home for a minimum of three years. The program received a total of 109 applications and 39 applications were approved for sale.

Improving Public Safety - Basic and Advanced Life Support Service Delivery

The Fire Department is pursuing strategic investments to enhance its service delivery. The principal service delivery model is being incrementally shifted over a two to three year period to establish “squads.” A squad is a combined unit, pairing an ambulance with a pumper company, comprised of upgraded equipment and fully cross-trained staff to deliver the full range of the department’s missions. Cross-trained staff will rotate between these two platforms, balancing workload and maintaining skill levels. Incumbent paramedics are in the process of upgrading to the paramedic skill level and an equal number of former single role EMS employees are earning suppression credentials. New pumpers entering the system are being equipped to support this model of service delivery. This change will improve overall care, enhance resource availability, deliver greater efficiency, and most importantly, better protect our citizens and the personnel who serve them. At the end of fiscal year 2020, KCFD is expected to operate a total of 20 squad companies.

Crisis Center

In 2016, Kansas City will open the first mental-health and substance abuse triage facility of its kind in Missouri. Located at 12th and Prospect, the Kansas City Assessment and Treatment Center’s (KC-ATC) goal is to relieve pressure on hospitals and jails from patients with substance abuse and mental illness issues, while also providing improved services to this affected population. The KC-ATC will stabilize and refer patients for treatment and other services within 23 hours or less.

CONNECTING TO RESIDENTS

Participation from residents in their government is important to provide City leaders with valuable input on the services provided and what really matters to citizens. The connection to residents also allows the City to share valuable information about City services and programs. Kansas City is focused on strengthening this connection through priorities such as KCMomentum.org, an interactive virtual town hall, and KCMORE, a publication for residents published by the City Communications Office. Additional significant citizen outreach efforts are highlighted below.

Balancing Act Tool

In September 2015, the City continued its proactive approach on ways to involve more residents and businesses in the area when it comes to data and citizen engagement by launching Balancing Act. Balancing Act is a web tool that promotes financial transparency by allowing local governments to put their budgets online in an interactive, educational format with responsive data visualizations. Through visually-appealing charts and multiple layers of explanatory detail, residents learn about the City’s various revenue sources and expenditures. Balancing Act also allows residents to construct their own local budget, subject to the same constraints that elected officials experience in balancing

the annual budget, using real budget data. This follows a successful launch in 2014 of Open Budget. Open Budget allows anyone to have quick access to budget information, whether they are interested in how much money is being spent on public safety or another City priority, how much money is spent by department, or by program within a department.

Open Data

In early 2013, the City launched its open data portal (Open Data KC) with its first dataset: the line-item budget. Since that time, the City has worked to publish additional high value datasets for citizens, businesses, and employees, including 311 service requests, property violations, and crime data. In the fall of 2015, the City's Chief Data Officer worked to update the City's Open Data Policy to align with national best practice standards. Along with these updates, a Data Governance Committee was established to oversee the quality and growth of the open data catalog. A Data Inventory is underway that will assist the Data Governance Committee in prioritizing datasets for release in the near future based on the needs of the City and community.

Citizen Satisfaction Survey

The annual Citizen Satisfaction Survey is another way for our residents to rate the City, providing City leaders with valuable input on what they are doing well and what needs improvement. The survey data is used to better allocate resources to what residents see as the areas where the City should improve. Over the past several years, the City has seen substantial increases in satisfaction with citizens' perceptions of the City and its services. The 2015-16 Citizen Satisfaction Survey results showed a mix of increased satisfaction and maintained satisfaction, with declines in a few areas that are currently under discussion. Significant improvements over the prior survey include:

- Overall image of the City +3.8%
- Quality of fire and ambulance services +2.3%
- Leadership provided by City's elected officials +2.2%

ECONOMIC DEVELOPMENT

Fiscal year 2015-16 was another successful year for the City in both jobs-based and site-based development. There were 31 job attraction and retention projects that represented nearly 5,000 jobs created and retained. The three biggest attraction projects were TriWest, Sioux Chief, and Challenge Manufacturing. TriWest Healthcare Alliance is a Phoenix-based administrator of health care services for veterans and military families that chose Kansas City for its first major Midwest expansion. TriWest added 500 jobs to the City and invested in a 64,000-square-foot facility in a business park near the Kansas City International Airport. Sioux Chief is a plumbing supply manufacturer that moved most of its operations, and nearly 500 jobs, to a new manufacturing and distribution center in south Kansas City. The 596,000-square-foot plant is located at the CenterPoint Intermodal Facility, which is the industrial park at the former Richards-Gebaur Air Force Base. The overall project is estimated at \$40 million. Challenge Manufacturing, an automotive parts supplier, relocated to an industrial building near the Kansas City International Airport. The \$56 million project created 375 jobs at the facility.

Kansas City continued its momentum on site-based redevelopment projects, particularly in Downtown. Renovation began on a \$42 million office project to redevelop Corrigan Station in the Crossroads District, which is due to be completed around the end of the calendar year. The historic building, located along Kansas City's streetcar line, will be LEED-certified and will house about 650 office employees. Construction also began on Two Light in the Power & Light District. This building, a \$105 million luxury residential tower with 300-units, follows after One Light completed construction and began occupancy earlier this year. On the western side of Downtown, Cityscape Residential started construction on 390-units of housing in Quality Hill. Hotel projects were announced to include converting the Pabst & Pendergast Buildings in the Crossroads into a boutique hotel with 125-units under the Aparium Hotel Group. This group, which operates similarly rehabbed hotels in other Midwestern cities, is known for its use of local artisans to supply the artwork and fixtures in the hotel rooms and common areas. The vacated Federal Reserve Building in Downtown will also undergo a \$148 million conversion into a hotel with 301-units and 24 boutique units. That project, along with the 125-unit Pickwick Building one block away, have the potential to reinvigorate the east side of Downtown. Overall, these projects reflect a desire for Downtown to be a place to live, work, and play, and will continue to fuel Downtown's population and economic growth.

Investment in projects in fiscal year 2015-16 totaled almost \$2 billion. Of the \$1.6 billion from site-based redevelopments, \$265 million was from public investment and \$1.354 billion was from private investment. In other words, every \$1 of public investment leveraged another \$5 of private investment.

PUBLIC INFRASTRUCTURE

KC Streetcar

During fiscal year 2015-16, the City completed construction of Phase I of the KC Downtown Streetcar project. The grand opening was held on May 6-7, 2016. More than 12,000 people rode the two-mile north-south streetcar route on opening day, with even greater numbers the next day. The streetcar serves the Central Business District, the Crossroads Arts District, and the Kansas City Power & Light District. The route runs largely on Main Street. The total estimated project cost was \$102 million plus associated program management costs. The streetcar was financed primarily through a voter-approved transportation development district (TDD) sales tax of one percent as well as property assessments for property owners in the TDD. The U.S. Department of Transportation awarded a \$20 million grant to the City for Phase I of the Streetcar project. The route also includes \$13 million in smart technology improvements, including LED street lighting, digital kiosks, and free wi-fi connections along the corridor and surrounding area. The City has tracked over \$1.7 billion of planned, permitted or completed development investment within the streetcar TDD area since funding was approved in December of 2012.

Overflow Control Plan

In 2003, the City Council directed the City Manager to prepare a long range plan to manage wet weather flow in both the separate and combined sewer systems within the city. In response, Kansas City Water Services prepared an Overflow Control Plan (the "Plan"). Creation of the Plan was driven by requirements of the federal Clean Water Act and by policies of the United States Environmental Protection Agency (EPA) and Missouri Department of Natural Resources (MDNR) related to sewer infrastructure. The Plan is structured to prevent as much stormwater as practicable from entering the

combined sewer system and separate sewer system to reduce sewer overflows and provide a platform to facilitate implementation of a comprehensive green solutions initiative in the City.

Kansas City's Overflow Control Program (OCP) was developed to meet regulatory requirements related to reducing wet-weather overflows from the combined sewer system and preventing overflows from the separate sewer system. The City and its regulatory partners have agreed to meet those objectives over a 25-year time period by completing a planned list of improvements targeted at capturing for treatment 88 percent of combined sewer flows and eliminating sanitary sewer overflows during a five-year, twenty-four hour rainfall event. Individual elements of the City's OCP became part of an enforceable document on September 27, 2010, with the entry of a Consent Decree in the United States District Court for the Western District of Missouri. To date, the City has fulfilled all requirements set forth in the Consent Decree.

The current estimated capital cost of this control plan is projected to be approximately \$4.5 billion with estimated inflation at the end of the 25-year timeframe. In addition, there is expected to be a \$72 million increase in annual expenditures for operation and maintenance.

The Overflow Control Program currently contains some 109 overflow control measure projects to be implemented over the 25-year implementation period. The program is currently in year 6 of the 25 year period and is on schedule and on budget. To date, 10 projects have been completed and 33 projects are currently underway in various stages of design and construction.

Water Capital Improvements

Kansas City's \$1.78 billion, five-year Water Capital Improvements program strategically leverages each dollar spent to address the City's aging infrastructure, while meeting the needs of future generations. The City's Capital Improvements Program includes strategic programmatic investments in the City's Water, Wastewater and Stormwater infrastructure. Programmatic elements are based on strategic replacement of the City's most vulnerable assets at a rate that matches the expected lifespan of the infrastructure. Water main replacements are prioritized annually based on the City's Business Risk Exposure calculation. Each pipe segment in the City's water distribution system is rated based on both its likelihood of failure (age, material, break history) and its consequence of failure (pipe diameter, proximity to critical transportation assets, and proximity to critical and priority customers). The City's 100-year Water Main Replacement Program replaces 28 miles of aging water mains annually with SMaRT Certified Ductile Iron Pipe.

Accessibility for All

On July 26, 2012, the City signed a settlement agreement with the Department of Justice that requires the City to remedy Americans with Disabilities Act (ADA) violations throughout City-owned structures and parks. The ADA Project team has assessed every structure and park, including community centers, the Zoo, Liberty Memorial, City Hall, and all other City-owned properties, and identified ADA violations. Currently, the project is in various stages of transition planning, schematic design, and construction to remedy these violations. During fiscal year 2015-16, the City expended \$9.3 million in bond proceeds for ADA improvements. The City also trained more than 1,000 employees in live ADA Awareness training sessions, and all new employees receive the same training via video. Working with the Public Works Department, additional work is being done by removing vertical barriers at curbs and hundreds are removed each year. Other requirements in the settlement agreement that have been met are an updated Emergency Operations Plan, updated

emergency shelters, and an updated website to ensure accessibility. The City will continue to make significant capital investment to complete the modifications to City facilities, curbs, sidewalks, and program access. While fulfilling the settlement agreement is a component, the overriding goal is to make Kansas City the most accessible of cities and welcoming to people of all abilities.

Wish Upon a Fountain Campaign

In partnership with the City of Fountains Foundation, the City completed a multi-year community campaign to renovate some of its most notable fountains. The spring of 2015 heralded the completion of an extensive renovation to the iconic J. C. Nichols Memorial Fountain on the Plaza in Mill Creek Park, and the reenergizing of the Seville Light Fountain directly across from it after a seven-year hiatus. The City also completed the design and installation of new memorial walls at the Firefighter's Memorial Fountain, renovation of the Children's Fountain and significant renovation to the Volker Fountain. The Wish Upon a Fountain Campaign has truly been a community effort, with many local foundations, individuals and companies donating funds and in-kind labor and materials for the renovation work.

Various Other Infrastructure Improvements

As the City with the 11th largest land area in the country, maintaining infrastructure improvements remains a focus of the Mayor and City Council. During fiscal year 2015-16 various bridge, street, parkway and other miscellaneous infrastructure projects were undertaken. Some of these included street improvements to Blue Parkway and Eastwood Trafficway, 135th Street – Phase 2, adaptive signals for streetcar line, 20th Street reconstruction and streetscape, and Broadway bridge over 30th Street.

The City continues to expand its trail system, as citizens rate trails as extremely important to their quality of life. During fiscal year 2015-16, the City completed the Blue River-Minor Park Connector Trail, Oak Park Trail, Migliazzo Park Trail and the Santa Fe Trail Extension. Other trail system improvements/expansions include Riverfront Heritage Trail – Mulberry Connector. The City also completed the Hodge Park Rugby Fields, Cliff Drive Recreational Improvements, the unique Roanoke Park Playground and the Go Ape Treetop Adventure in Swope Park.

FINANCIAL PLANNING INITIATIVES

The City is committed to being a good steward of the public's trust and finances. The City issued its first popular annual financial report for the period ending April 30, 2011. The City adopted fund balance and reserve policies the following year. The City also has adopted policies for debt, investments, revenue, street maintenance, budget transfers, quarterly budget reporting and structural balance. Throughout fiscal year 2015-16, the City expanded its efforts to improve the effectiveness of city operations and to provide the City Council with information for timely decision making.

The City completed its first Citywide Business Plan and Financial Strategic Plan in 2013. The Citywide Business Plan built and expanded upon several previous initiatives including: City Council goal-setting, performance tracking tools including KCStat, citizen surveys, Citizens Commission on Municipal Revenue, AdvanceKC, financial trends reports, and fiscal planning modeling. The voters approved a charter amendment in April 2014 that requires the City Council to adopt a Five-Year

Financial Plan no later than November 1 of each year. The Citywide Business Plan addresses several critical issues facing Kansas City over the next five years. It creates the foundation for the City's annual budget by integrating these vital, but disconnected, efforts into one comprehensive platform. The strategic priorities and issues contained within this plan are guiding factors for planning and resource allocation decisions in the future. The model continues to expand to include service level outcomes and Key Performance Indicators (KPIs). The City Council and Finance Department staff use scenarios from the model to assist deliberations for budget allocation decisions.

SUSTAINABILITY

Mayor James, the City Council, and City Manager Troy Schulte have embraced sustainability as a core principle in all municipal operations: a triple-bottom line approach to simultaneously achieve social equity, economic vitality, and environmental quality in our community. It is manifested in the City's Vision Statement that calls for the City to "employ innovative strategies to develop sustainable, healthy communities where all prosper."

A foundation of the City's sustainability efforts is its climate action plan, unanimously adopted by the Mayor and City Council in July 2008, making KC the first major city in the heartland of the U.S. to take such action. Toward achieving its goals to reduce greenhouse gas (GHG) emissions 30 percent below year 2000 levels by 2020, in municipal operations and community-wide, by the end of calendar year 2013, the City had achieved a 25 percent reduction in its GHG emissions from municipal operations and a 4 percent reduction in community-wide GHG emissions. The City's most recent GHG inventory update indicated a need to take more aggressive action to reduce community-wide emissions and identified energy use in buildings as a primary contributor of those emissions.

Consequently, for the past two years, Kansas City has been one of 10 U.S. cities participating in the City Energy Project, an initiative in partnership with the Natural Resources Defense Council and the Institute for Market Transformation to promote energy efficiency improvements in large commercial, institutional, industrial, and multi-family buildings. The City Energy Project Advisory Committee, co-chaired by a member of the City Council and the City's chief environmental officer, was formed to provide key stakeholders (including our investor-owned electrical utility, the Greater Kansas City Chamber of Commerce, local building owners/managers, and others) with the opportunity to help design and implement the initiative. The City has provided significant education and outreach regarding the benefits of benchmarking building energy use with ENERGY STAR Portfolio Manager, a free online tool. In addition, working with the Central Plains Chapter of the U.S. Green Buildings Council, a database of businesses who provide energy efficiency goods and services has been compiled for use by local building owners/managers. In June 2015, Kansas City became the 14th city in the U.S. to adopt an ordinance requiring owners of large buildings to benchmark energy and water use, using ENERGY STAR Portfolio Manager and report their results to the City on an annual basis. The goals of the City Energy Project are to reduce energy use, save money on utility bills, reduce GHG emissions, and create local jobs to make buildings in the City more energy efficient.

The City has affiliated with two statewide clean energy districts in Missouri – the Missouri Clean Energy District (MCED) and Show Me PACE – to provide access to PACE (property-assessed clean energy) loans to building owners in Kansas City so they can make investments in energy efficiency

improvements and renewable energy projects to reduce energy consumption and GHG emissions, while saving money on utility bills. PACE loans allow building owners to amortize the cost of energy efficiency improvements up to 20 years so that the utility cost savings equal or exceed the loan repayments which are made as special property tax assessments. Two PACE loans have been made by MCED for projects in the City supported by a portion of the City's allocation of Qualified Energy Conservation Bonds (QECBs), as authorized by the City Council:

- \$567,000 for energy efficiency improvements in a cooperative condominium building, and
- \$1,694,622 for energy efficiency improvements to the Plaza Corporate Center

By implementing a wide range of sustainability initiatives that address energy efficiency, renewable energy, local food production/urban agriculture, expansion of public transit, improved local air quality, revitalization of inner city neighborhoods (with an emphasis upon repurposing vacant lots into neighborhood assets), increasing the availability of affordable housing, and other activities to improve the quality of life, the City continues to make the community a better place for those who live here today and a place for others who seek to find a community that is inclusive and vibrant. Kansas City has become the regional leader in municipal sustainability and a nationally-recognized green city that strives to integrate sustainability into all aspects of City operations.

AWARDS and ACKNOWLEDGMENTS

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended April 30, 2015. This was the 27th consecutive year that the City has achieved this award. To be awarded a Certificate of Achievement, a government must publish an easily readable and organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. This report is intended to meet the Certificate of Achievement Program's requirements and will be submitted to the GFOA to determine its eligibility for a certificate.

In addition, GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City for its Popular Annual Financial Report for the fiscal year ended April 30, 2015. This was the fifth consecutive year the City has achieved this award. This prestigious, national award recognizes state and local government popular reports that have adhered to the highest standards of preparation. In order to receive an Award for Outstanding Achievement, a government unit must publish a popular annual financial report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award of Outstanding Achievement is valid for a period of one year only.

Finally, the GFOA awarded the City the Distinguished Budget Award for fiscal year ended April 30, 2016. This is the third consecutive year, and 23rd time overall, that the City has achieved this award. In order to receive the award, a government must satisfy nationally-recognized guidelines for effective budget presentation to assess how well the budget serves as a policy document, a financial plan, an operations guide, and a communications device.

I want to express my appreciation to the staff members of the Finance Department and the City's operating departments for their joint efforts in preparing this report. I would also like to thank the

Mayor, City Council, and the City Manager for their interest and support in planning and conducting the financial affairs of the City.

Respectfully submitted,



Director of Finance
City of Kansas City, Missouri



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
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Presented to

**City of Kansas City
Missouri**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2015

Executive Director/CEO

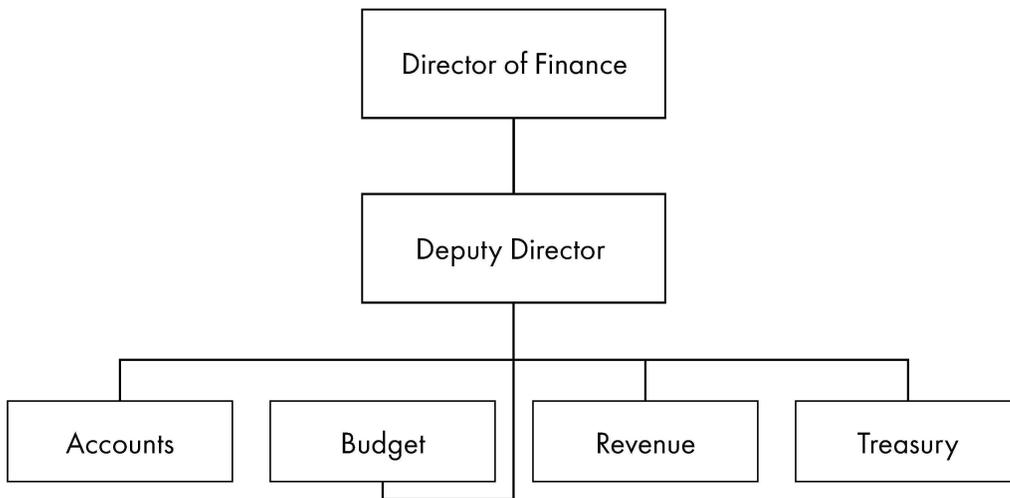
Organization Chart: City of Kansas City, Missouri



Finance Department

as of April 30, 2016

Finance Department Officers



Independent Auditor's Report

The Honorable Mayor and Members
of the City Council
City of Kansas City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Kansas City, Missouri (the City), as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Kansas City Board of Police Commissioners (Police Department) and the Port Authority of Kansas City, Missouri (Port Authority), both of which are included as discretely presented component units, which represent approximately 29% of total assets and 63% of total revenues of the aggregate discretely presented component units as of and for the year ended April 30, 2016, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion on the aggregate discretely presented component units, insofar as it relates to the amounts included for the Police Department and Port Authority, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Kansas City International Airport – Community Improvement District, Maintenance Reserve Corporation, Employees' Retirement System, Firefighters' Pension System, Police Retirement System and Civilian Employees' Retirement System, which are included in the City's financial statements, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Kansas City, Missouri as of April 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2016 the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The Supplementary Information – Combining and Individual Fund Statements and Schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of the other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The Introductory Section and Statistical Section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016, on our consideration of the City’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.



Kansas City, Missouri
October 31, 2016

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Management's Discussion and Analysis (MD&A) offers readers a narrative overview and analysis of the financial activities of the City of Kansas City, Missouri (the City) for the fiscal year ended April 30, 2016. Readers are encouraged to consider the information presented here and in the City's financial statements, which follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets and deferred outflows of resources of the City (the primary government) exceeded its liabilities and deferred inflows of resources at the close of 2016 by \$4.705 billion. The unrestricted net position is (\$349.4) million. The unrestricted net position of the City's governmental activities is in a \$679.8 million deficit. The unrestricted net position of the City's business-type activities is \$330.4 million and may only be used to meet the ongoing obligations of the City's water, sewer and airports business-type activities.
- The City's total net position increased \$147.0 million in 2016. Net position of the governmental activities decreased by \$6.3 million, which represents a 0.25% decrease from the 2015 net position and business-type net position increased \$153.2 million, which represents a 7.32% increase from the 2015 net position.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$439.3 million. The combined governmental funds fund balance increased \$67.5 million from the prior year's ending fund balance. Approximately \$189.8 million of the governmental funds' fund balance is considered unrestricted at April 30, 2016.
- The general fund reported a total fund balance of \$65.5 million at the end of the current fiscal year. There was a \$13.3 million increase in the total fund balance for the year. Approximately \$64.7 million of the fund balance is considered unrestricted at April 30, 2016. A portion of the fund balance is committed for a stabilization arrangement or emergency reserve in the amount of \$42.4 million. The emergency reserve represents one month or 8.33% of total general fund expenditures. An additional amount of \$14.6 million is assigned for a countercyclical reserve. The total of the emergency reserve and countercyclical reserve is \$57.0 million or 11.20% of total general fund expenditures.
- The long-term liabilities of the City's governmental activities increased by \$632.0 million or 36.16% as compared to the prior year amounts. The long-term liabilities of the City's business-type activities increased by \$112.0 million or 10.97% as compared to the prior year amounts.
- As discussed in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended. The 2015 information in this management's discussion and analysis has not been restated for the adoption of GASB 68.

Overview of the Financial Statements

The MD&A is an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The report contains both required and other supplementary information in addition to the financial statements.

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Government-wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the City's finances.

The statement of net position presents information concerning the City's assets, deferred outflows, liabilities and deferred inflows; the difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position. Increases and decreases in net position serve as an indicator of the City's change in financial position.

The statement of activities presents information displaying how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the City principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the City include general government, public safety (police, fire and municipal court), public works, neighborhood development, health, culture and recreation, convention facilities and economic development. The business-type activities of the City include three enterprise activities: a water system, a sanitary sewer system and aviation.

The government-wide financial statements include not only the City itself (known as the primary government), but include the Economic Development Corporation, Tax Increment Financing Commission, Land Clearance for Redevelopment Authority, Port Authority of Kansas City, Missouri, Kansas City Board of Police Commissioners, Economic Development Corporation Charitable Trust, Maintenance Reserve Corporation, Downtown Economic Stimulus Authority of Kansas City, Missouri, KCI Airport Community Improvement District, Performing Arts Community Improvement District, American Jazz Museum, Land Bank of Kansas City, Missouri, Kansas City, Missouri Homesteading Authority and Metropolitan Ambulance Service Trust. Financial information for these discretely presented component units is reported separately from the financial information presented for the primary government itself. Complete financial statements of these component units, which include their management's discussion and analysis (MD&A), may be obtained from their respective administration offices.

In addition, the financial statements include the Kansas City Municipal Assistance Corporation (KCMAC), the Police Retirement System and the Civilian Employees' Retirement System as blended component units.

The government-wide financial statements can be found on pages A-23 to A-26.

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers will better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund and the capital improvements fund, which are considered major funds. Data from the other governmental funds is combined into a single, aggregated presentation.

The governmental funds financial statements can be found on pages A-27 to A-30.

Proprietary Funds

The City maintains two types of proprietary funds - enterprise funds and internal service funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer (including storm water and sanitary sewer) and airport operations. The one internal service fund is used to account for a self-funded health care system for city employees and retirees. The services provided by this fund predominantly benefit the governmental rather than the business-type functions and it is included within governmental activities in the government-wide financial statements shown in this report.

The proprietary fund financial statements can be found on pages A-31 to A-35.

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City uses fiduciary funds to account for the retirement plans for regular employees, firefighters, police officers and civilian employees of the police department, funds held for employee memorials, municipal correctional facility inmate canteen operations, special deposits, municipal court appearance bonds, tax increment financing tax deposits, police department grants and payroll and insurance benefits.

The fiduciary fund financial statements can be found on pages A-36 to A-37.

Discretely Presented Component Units

The discretely presented component unit financial statements provide separate information for the Economic Development Corporation, Tax Increment Financing Commission, Land Clearance for Redevelopment Authority, Port Authority of Kansas City, Missouri and Kansas City Board of Police Commissioners. The remaining discretely presented component units are aggregated and presented in a single column.

The discretely presented component unit statements can be found on pages A-38 to A-40.

Notes to the Basic Financial Statements

The notes provide additional information essential to understand the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages A-41 to A-176.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary compliance, progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees and condition assessments on infrastructure assets accounted for using the modified approach. Required supplementary information can be found on pages A-177 to A-200.

The City uses the modified approach when accounting for street surfacing, bridges/culverts and street lighting and uses straight-line depreciation when accounting for curbs, sidewalks, retaining walls, traffic signals, signage and guardrails. The City began reporting street surfacing, bridges/culverts and street lighting retroactively with the financial report for the period ending April 30, 2003, curbs and sidewalks retroactively with the financial report for the period ending April 30, 2006 and traffic signals, guardrails and signage retroactively with the financial report for the period ending April 30, 2007.

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Traffic Violation Fines and Court Costs

Section 302.341.2, of the Missouri Revised Statutes states - If any city, town, village, or county receives more than thirty percent of its annual general operating revenue from fines and court costs for traffic violations, including amended charges from any traffic violation, occurring within the city, town, village, or county, all revenues from such violations in excess of thirty percent of the annual general operating revenue of the city, town, village, or county shall be sent to the director of the department of revenue and shall be distributed annually to the schools of the county in the same manner that proceeds of all penalties, forfeitures and fines collected for any breach of the penal laws of the state are distributed. The director of the department of revenue shall set forth by rule a procedure whereby excess revenues as set forth above shall be sent to the department of revenue. If any city, town, village, or county disputes a determination that it has received excess revenues required to be sent to the department of revenue, such city, town, village, or county may submit to an annual audit by the state auditor under the authority of Article IV, Section 13 of the Missouri Constitution. *An accounting of the percent of annual general operating revenue from fines and court costs for traffic violations, including amended charges from any charged traffic violation, occurring within the city, town, village, or county and charged in the municipal court of that city, town, village, or county shall be included in the comprehensive annual financial report submitted to the state auditor by the city, town, village, or county under section 105.145.* Any city, town, village, or county which fails to make an accurate or timely report, or to send excess revenues from such violations to the director of the department of revenue by the date on which the report is due to the state auditor shall suffer an immediate loss of jurisdiction of the municipal court of said city, town, village, or county on all traffic-related charges until all requirements of this section are satisfied. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028.

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Annual general operating revenue of the city is not defined in the statute. Therefore, the City will report on traffic fines as a percent of both general fund total revenues and total governmental funds total revenue. The City includes traffic fines as part of fines and forfeitures reported in the CAFR's Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. The table below provides a reconciliation of all amounts included in fines and forfeitures and a calculation of traffic fines as both a percent of general fund revenue and as a percent of total governmental funds revenue as of April 30, 2016 (*in thousands*).

	General Fund	Total Governmental Funds
Traffic fines	\$ 12,800	\$ 12,800
Traffic camera fines	-	-
Traffic fines - court costs	-	446
Municipal court fines	-	-
Neighborhood court fines	455	455
Municipal court costs-police officer training	251	251
Municipal court costs-battered shelter operations	-	439
Parking fines youth	-	409
Municipal court delinquency fee	143	143
Municipal court diversion program fee	122	122
Municipal court costs - arrest costs	37	37
Municipal court forfeitures	230	230
Municipal court specialty court fee	-	651
Air quality settlements	-	32
Animal control fines - Chapter 14	120	120
Workforce violation penalty	-	-
Code enforcement fines	63	63
Nuisance - abatement fee	1	1
Fines and forfeitures, total	14,222	16,199
Traffic fines, total	12,800	13,246
Revenues, total	538,306	1,055,440
Traffic fines as a percent of operating revenues	2.38%	1.26%

Government-wide Financial Analysis

As noted earlier, net position serves as a useful indicator of the results of the City's operations. The City's (the primary government) assets plus deferred outflows exceeded liabilities plus deferred inflows by \$4.705 billion at the close of the most recent fiscal year. At the end of the prior fiscal year, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$5.004 billion indicating that the government decreased its financial position during the year. The decrease was a result of the restatement of beginning net position for the adoption of GASB 68. Governmental activities net position decreased

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

by \$6.3 million (from \$2.464 billion to \$2.458 billion) and business-type activities net position increased by \$153.2 million (from \$2.094 billion to \$2.247 billion).

The largest portion of the City's net position, \$4.779 billion or 101.57%, consists of its investment in capital assets (for example, land, buildings, land improvements, monuments and fountains, machinery and equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$275.5 million or 5.85%, represents resources that are subject to external restrictions as to how they may be used. It is important to note that, although the remaining amount or unrestricted net position is (\$349.4) million, the unrestricted net position of the City's business-type activities (\$330.4 million) may not be used to fund governmental activities.

The unrestricted net position of the governmental activities decreased by \$462.7 million. The unrestricted net position of the business-type activities increased by \$17.1 million. The underlying reason for the \$17.1 million increase in the business-type activities can be further broken down by fund. The Water, Kansas City Airports and Sewer funds had increases (decreases) in unrestricted fund balance of (\$5.8) million, \$12.6 million and \$10.3 million, respectively.

As previously mentioned, the Water fund's unrestricted net position decreased by \$5.8 million. Factors contributing to this were a three percent increase in water rates, offset by a decrease in usage, or 3.3% increase in total operating revenues. The increase in operating revenue was offset by a 3.0% decline in usage. Total operating expenses decreased by \$2.0 million or 2.1% over the previous year. The decrease in operating costs was due to the completion of the implementation of the Customer Service Improvement Program.

The unrestricted net position of the KC Airports fund increased by \$12.6 million. Factors contributing to this were operating revenues from terminal fees, landing fees, parking fees and rental cars all had increases from the prior year.

The unrestricted net position of the Sewer fund increased by \$10.3 million. Factors contributing to this were a thirteen percent increase in sewer service fees, which helped generate an \$24.1 million or 14.2% increase in total operating revenues. Total operating expenses increased by \$13.2 million or 12.0% over the previous year. The Fund continues investing in sewer system improvements in order to comply with the Overflow Control Program as mandated by the Environmental Protection Agency.

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Net Position
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Current and other assets	\$ 608,539	\$ 562,753	\$ 902,858	\$ 779,491	\$ 1,511,397	\$ 1,342,244
Capital assets	4,294,558	4,252,502	2,526,655	2,411,106	6,821,213	6,663,608
Total assets	<u>4,903,097</u>	<u>4,815,255</u>	<u>3,429,513</u>	<u>3,190,597</u>	<u>8,332,610</u>	<u>8,005,852</u>
Deferred outflows	178,494	58,028	14,473	5,994	192,967	64,022
Long-term liabilities outstanding	2,379,950	1,747,904	1,132,257	1,020,322	\$ 3,512,207	\$ 2,768,226
Other liabilities	227,865	227,666	59,542	57,945	287,407	285,611
Total liabilities	<u>2,607,815</u>	<u>1,975,570</u>	<u>1,191,799</u>	<u>1,078,267</u>	<u>3,799,614</u>	<u>3,053,837</u>
Deferred inflows	16,078	11,984	4,822	465	20,900	12,449
Net position	<u>\$ 2,457,698</u>	<u>\$ 2,885,729</u>	<u>\$ 2,247,365</u>	<u>\$ 2,117,859</u>	<u>\$ 4,705,063</u>	<u>\$ 5,003,588</u>
Net investment in capital assets	\$ 3,077,258	\$ 3,053,850	\$ 1,701,705	\$ 1,625,502	\$ 4,778,963	\$ 4,679,352
Restricted-expendable	60,215	48,944	215,266	179,105	275,481	228,049
Unrestricted	<u>(679,775)</u>	<u>(217,065)</u>	<u>330,394</u>	<u>313,252</u>	<u>(349,381)</u>	<u>96,187</u>
Total net position	<u>\$ 2,457,698</u>	<u>\$ 2,885,729</u>	<u>\$ 2,247,365</u>	<u>\$ 2,117,859</u>	<u>\$ 4,705,063</u>	<u>\$ 5,003,588</u>

Governmental Activities

Governmental activities realized \$1.097 billion in revenues and \$1.103 billion in expenses for fiscal year 2016. The primary government as a whole realized \$1.631 billion in revenues and \$1.484 billion in expenses for fiscal year 2016.

Business-type Activities

Business-type activities had increases in net position of \$153.2 million, which is a 7.32% increase to the beginning of the year net position. The increase in net position was attributable in large part to the capital improvement programs of the Water Services Department for replacements and extensions to water and sewer lines and treatment plants. In addition, a three percent increase in water rates (which offset the decline in usage), a thirteen percent increase in sewer rates and increases in terminal fees, landing fees and parking fees at the airport all contributed to the \$153.2 million increase in the net position of the business-type activities. The Water, KC Airports and Sewer funds' net positions increased by \$56.5 million, \$28.2 million and \$68.5 million, respectively.

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Components of the increase/decrease are as follows:

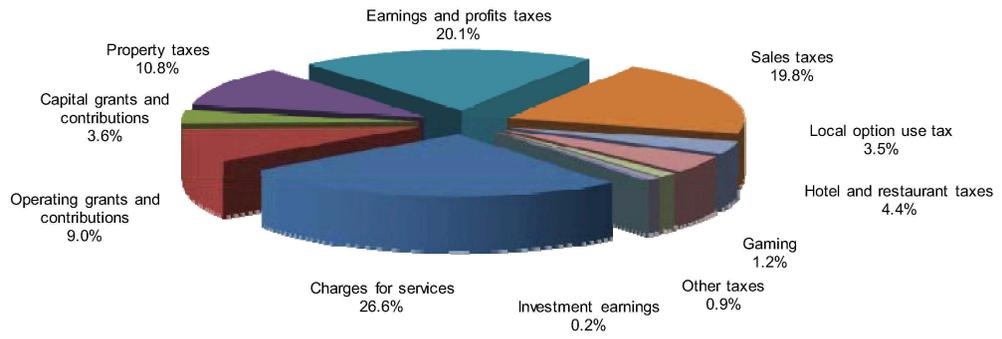
Changes in Net Position						
<i>(In thousands)</i>						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015-16</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2014-15</u>
Revenues						
Program revenues						
Charges for services	\$ 291,668	\$ 277,512	\$ 504,702	\$ 477,783	\$ 796,370	\$ 755,295
Operating grants and contributions	99,209	102,484	-	-	99,209	102,484
Capital grants and contributions	39,257	19,096	23,962	42,811	63,219	61,907
General revenues						
Property taxes	118,373	116,502	-	-	118,373	116,502
Earnings and profits taxes	220,451	221,617	-	-	220,451	221,617
Sales taxes	217,301	207,699	-	-	217,301	207,699
Local option use taxes	38,144	39,358	-	-	38,144	39,358
Hotel and restaurant taxes	47,836	44,397	-	-	47,836	44,397
Gaming taxes	13,494	13,896	-	-	13,494	13,896
Railroad and utility taxes	6,766	6,065	-	-	6,766	6,065
Cigarette taxes	2,585	2,557	-	-	2,585	2,557
Investment earnings	1,949	3,008	5,172	6,713	7,121	9,721
Total revenues	<u>1,097,033</u>	<u>1,054,191</u>	<u>533,836</u>	<u>527,307</u>	<u>1,630,869</u>	<u>1,581,498</u>
Expenses						
General government	121,497	121,623	-	-	121,497	121,623
Public safety	461,866	407,290	-	-	461,866	407,290
Public works	209,041	182,674	-	-	209,041	182,674
Neighborhood development	56,294	55,880	-	-	56,294	55,880
Health	54,356	54,054	-	-	54,356	54,054
Culture and recreation	66,167	66,107	-	-	66,167	66,107
Convention facilities	45,447	43,678	-	-	45,447	43,678
Economic development	12,213	11,684	-	-	12,213	11,684
Unallocated depreciation	1,283	1,345	-	-	1,283	1,345
Interest on long-term debt and amortization	75,141	73,741	-	-	75,141	73,741
Water	-	-	103,390	107,320	103,390	107,320
Sewer	-	-	133,821	117,582	133,821	117,582
Aviation	-	-	143,386	148,575	143,386	148,575
Total expenses	<u>1,103,305</u>	<u>1,018,076</u>	<u>380,597</u>	<u>373,477</u>	<u>1,483,902</u>	<u>1,391,553</u>
Increase/decrease in net position	(6,272)	36,115	153,239	153,830	146,967	189,945
Net position – beginning of year, as restated	2,463,970	2,849,614	2,094,126	1,964,029	4,558,096	4,813,643
Net position – end of year	<u>\$ 2,457,698</u>	<u>\$ 2,885,729</u>	<u>\$ 2,247,365</u>	<u>\$ 2,117,859</u>	<u>\$ 4,705,063</u>	<u>\$ 5,003,588</u>

City of Kansas City, Missouri

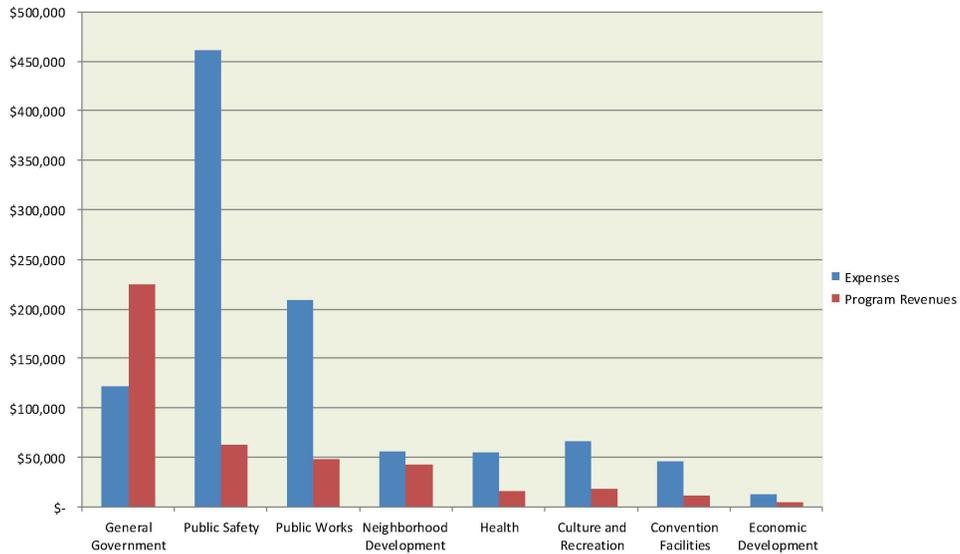
Management's Discussion and Analysis

April 30, 2016

Revenues - Governmental Activities

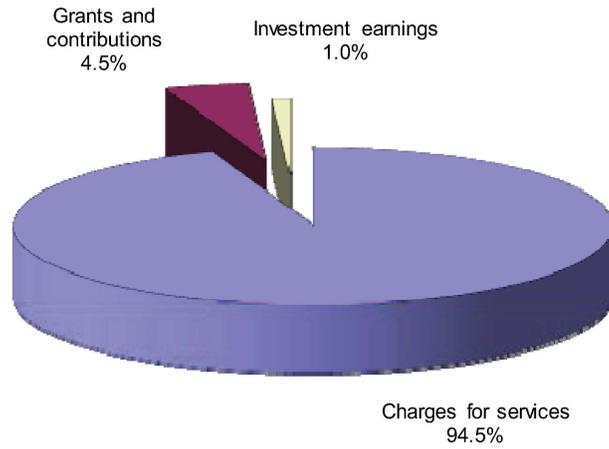


Expenses and Program Revenues - Governmental Activities (In thousands)

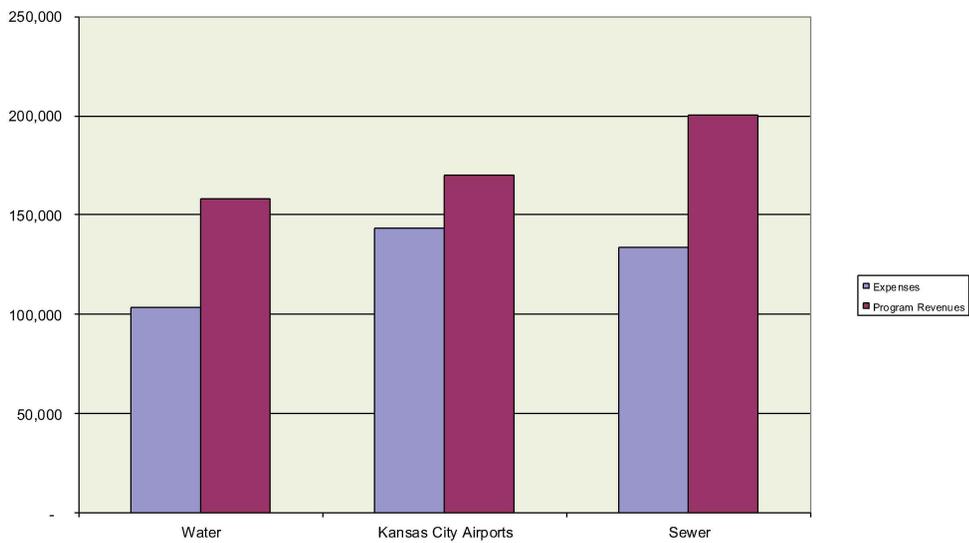


City of Kansas City, Missouri
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Revenues - Business-type Activities



Expenses and Program Revenues - Business-type Activities
(In thousands)



City of Kansas City, Missouri

Management's Discussion and Analysis

April 30, 2016

Financial Analysis of the Government's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a measure of a government's net resources available for future use.

As of April 30, 2016, the City's governmental funds have combined ending fund balances of \$439.3 million. The total fund balance increased by \$67.5 million during fiscal year 2016. The fund balances for governmental funds are reported using classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five categories of governmental fund balance are nonspendable, restricted, committed, assigned and unassigned. The committed, assigned and unassigned classifications are considered to be unrestricted and these total to \$189.8 million for all governmental funds. This is a \$31.1 million or 19.6% increase from April 30, 2015.

Major Funds

The general fund is the chief operating fund of the City. At April 30, 2016, the total fund balance of the general fund was \$65.5 million and expenditures were \$510.0 million. The total fund balance increased by \$13.3 million during fiscal year 2016. A portion of the general fund's fund balance is committed to a stabilization arrangement or emergency reserve in the amount of \$42.4 million. It is useful to compare the amount of the emergency reserve to total fund expenditures. The emergency reserve represents one month or 8.33% of the total fund expenditures. An additional amount of \$14.6 million is assigned for a countercyclical reserve. The total of the emergency reserve and countercyclical reserve is \$57.0 million or 11.1% of total general fund expenditures. The City's goal is to fund the emergency reserve in an amount equal to one month or 8.33% of general fund expenditures. The goal of the countercyclical reserve is funding at an additional one month for a total of 16.67% of general fund expenditures.

The \$13.3 million or 25.5% increase in total fund balance is attributable to a variety of factors. Some of the large dollar variances with an explanation of the underlying reasons for the significant changes from the prior year follow:

\$6.0 million increase in tax revenues is a reflection of the continuing improvement in the local economy; the increase primarily consists of \$6.7 million of earnings tax, \$0.5 million of general property tax and a decrease of \$1.1 million of local option use tax.

\$3.6 million decrease in fines and forfeitures is due to traffic fines.

\$13.7 million increase in charges for services is primarily due to \$17.6 million in ambulance service charges that were previously recorded in a special revenue fund but have been merged into the general fund.

City of Kansas City, Missouri
Management's Discussion and Analysis
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\$43.2 million increase in fire operating expenditures was generated from merging ambulance services from special revenue funds into the general fund.

The capital improvements fund is the City's other major governmental fund. At April 30, 2016, the total fund balance of the capital improvements fund was \$81.8 million and expenditures were \$57.7 million. The total fund balance increased by \$5.1 million during fiscal year 2016. The unrestricted portion of fund balance totals to \$81.8 million. It may be useful to compare the amount of unrestricted fund balance to total fund expenditures. The unrestricted portion of fund balance represents 141.8% of the total fund expenditures.

The \$5.1 million or 6.65% increase in total fund balance is attributable to a variety of factors. Some of the large dollar expenditures with an explanation of the underlying reasons for the significant changes from the prior year follow:

\$1.2 million increase in sales tax revenues is a reflection of the continuing improvement in the local economy.

The capital improvements fund is a major funding of capital improvement and maintenance projects. The expenditure of \$57.7 million was attributable to several projects. Some of the more significant capital outlays in the fund were:

\$5.6 million for street preservation

\$4.9 million for street lighting and maintenance

\$2.7 million for a North Jackson and Vivion Road reconstruction

\$4.9 million for flood controls at Blue River, Turkey Creek and citywide

\$2.4 million for River Market improvements at 2nd Street and Delaware

\$2.3 million for repairs at the various city owned buildings

The fund also provides a source of funding for debt service payments on bonds and notes that were issued to finance capital improvement projects. This is reflected in the \$24.1 million of transfers-out that includes:

\$11.5 million for general obligation bonds issued for infrastructure construction and repair, KC Zoo improvements and Liberty Memorial improvements

\$3.7 million for streetlight improvements

\$7.3 million for various notes used to finance the City Market Development Project, ADA Compliance Improvements to City Facilities, Fairyland, Prospect North and Zona Rosa Development Projects, Streetcar Phase II Design, Diamond Interchange Road Project

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The water fund, sewer fund (including storm water) and the airports funds, all of which are business-type activities, are also major funds. At April 30, 2016, the unrestricted net position of the water fund was \$94.2 million, while total net position was \$724.9 million. As a measure of the water fund's liquidity, it may be useful to compare unrestricted net position to total fund operating expenses. Unrestricted net position represents 100.53% of the total fund operating expenses.

The unrestricted net position for the sewer fund was \$151.3 million and a total net position of \$967.4 million. As a measure of the sewer fund's liquidity, it may be useful to compare unrestricted net position to total fund operating expenses. Unrestricted net position represents 122.98% of the total fund operating expenses.

The unrestricted net position for the airports fund was \$84.9 million and a total net position of \$555.1 million. As a measure of the airports fund's liquidity, it may be useful to compare unrestricted net position to total fund operating expenses. Unrestricted net position represents 62.58% of the total fund operating expenses.

General Fund Budgetary Highlights

During fiscal year 2016, there was a \$4.2 million increase in appropriations for expenditures and other financing uses between the original and final amended budget and an \$8.7 million increase in estimated revenues and other financing sources. The actual expenditures and other financing uses were under the final amended budget by \$11.0 million and actual revenues and other financing sources were under the final amended budget by \$9.6 million. Individual department variances between actual expenditures and final budget were normal variances in most instances. However, Public Works, Fire and operating transfers out had variances of greater than \$1 million.

The \$2.8 million variance for Fire was primarily due to additional budgets for salary and benefits expenditures for pension system contributions, holiday pay and worker's compensation charges.

The \$1.3 million variance for Public Works was primarily due to ADA street corner reconfigurations and street preservation.

The \$3.8 million variance for operating transfers out was primarily due to not transferring all available appropriations to the Streetlight Debt and KC Downtown Redevelopment District Debt funds.

Capital Assets and Debt Administration

Capital Assets

The City uses the modified approach when accounting for street surfacing, bridges/culverts and street lighting and uses straight-line depreciation when accounting for curbs, sidewalks, traffic signals, signage, guard rails, buildings, improvements, machinery and equipment, land improvements and fountains and monuments. The City's net investment in capital assets for governmental and business-type activities as of April 30, 2016 amounts to \$4.779 billion. This includes land, buildings, improvements, machinery and equipment, land improvements, monuments/fountains and other works of art, street surfacing, bridges/culverts, curbs, sidewalks, street lighting, traffic signals, signage, retaining walls, guard rails water and sewer lines, runways and aprons. The total increase in the City's net investment in capital assets, for fiscal year 2016 was 2.13% (a 0.77% increase for governmental activities and a 4.69% increase for business-type activities when comparing to the previous year's balance).

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Major capital asset events during fiscal year 2016 included the following:

Total capital assets, net of depreciation and disposals, increased \$157.6 million.

Major capital asset events during fiscal year 2016 included the following:

Governmental capital assets, net of depreciation and disposals, increased by \$42.1 million. This calculation is composed of \$165.4 million in new asset expenditures less (\$82.0) million in depreciation less (\$53.2) million for loss on disposals and decreases to construction in progress plus \$11.9 million in assets donated to the City. The \$165.4 million is mainly due to \$47.0 million for the Downtown Streetcar project, \$16.8 million for the new East Patrol Police Campus, \$10.2 million for the ADA Compliance Project, \$36.4 million for fire vehicles and numerous smaller projects. The loss on disposal of assets and decreases to construction in process of (\$53.2) million is mostly due to the transfer of ownership of Chouteau Bridge to the State of Missouri (\$46.2) million, assets transferred to the Water Department (\$2.8) million and various other projects that were either cancelled or that appeared capitalizable at the beginning of the project but were deemed not capitalizable later in the project. The City received assets of \$11.9 million. These consisted mainly of \$6.7 million of Kansas City Zoo assets, and \$5.2 million for signals, streets, streetlights, curbs and sidewalks deeded to the City by developers.

Business type capital assets, net of depreciation and disposals, increased by \$115.5 million as follows:

- \$15.2 million net decrease for depreciation of aviation assets
- \$73.6 million net increase for water utility lines and improvements
- \$57.1 million net increase for sewer utility lines and improvements

During fiscal year 2016, the conditions of the City's three networks of infrastructure assets accounted for using the modified approach had the following changes:

The overall condition level of the roadway system went from 69.10 in FY 2015 to 58.27 in FY 2016 on a rating scale of 100, indicating the overall condition maintained a poor condition. The City's intent is to obtain an overall rating of not less than 60.

The overall condition level of the bridges went from 76.38 in FY 2015 to 76.98 in FY 2016 on a rating scale of 100, indicating the overall condition of better. The City's intent is that at least 75% of the bridges should be at a good or better condition (a condition level of 65 or better), with no more than 10% being in substandard condition (a condition level of less than 45).

The overall condition level of the street lighting went from 97.40 in FY 2015 to 98.46 in FY 2016 on a rating scale of 100, indicating the overall condition maintained a better condition. The City's intent is to obtain an overall rating of not less than 90 (indicating a condition of better) with no more than 10% being below the better condition rating.

During fiscal year 2016, the actual amount of dollars expended to preserve and maintain the roadway system, bridges and street lighting assets were 11.14%, 4.86% and 70.58% of the estimated amount needed, respectively.

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Capital Assets
(In thousands)

Additional information on the City's capital assets can be found in Note 6 on pages A-87 to A-90.

	Governmental Activities		Business-type Activities		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Land/permanent right of way	\$ 356,705	\$ 354,971	\$ 55,686	\$ 55,041	\$ 412,391	\$ 410,012
Works of art	399	499	-	-	399	499
Buildings & improvements	1,391,546	1,319,062	1,193,574	1,185,978	2,585,120	2,505,040
Monuments & fountains	125,848	124,665	-	-	125,848	124,665
Temporary right of way	35	633	-	-	35	633
Land improvements	331,936	311,915	-	-	331,936	311,915
Machinery and equipment	238,850	237,310	290,495	261,726	529,345	499,036
Infrastructure-modified	2,298,689	2,340,843	-	-	2,298,689	2,340,843
Infrastructure-depreciated	250,580	236,915	2,316,628	2,190,191	2,567,208	2,427,106
Accumulated depreciation	(903,620)	(831,328)	(1,518,309)	(1,433,710)	(2,421,929)	(2,265,038)
Construction in progress	203,590	157,017	188,581	151,880	392,171	308,897
Total	\$ 4,294,558	\$ 4,252,502	\$ 2,526,655	\$ 2,411,106	\$ 6,821,213	\$ 6,663,608

Long-term Debt

As of April 30, 2016, the City (the primary government) had total bonded debt outstanding of approximately \$2.714 billion. Of this amount, \$363.645 million was comprised of debt backed by the full faith and credit of the government. Additionally, the City has outstanding debt of \$1.300 billion of limited obligation revenue bonds. The remainder of the City's debt represents bonds secured solely by specified revenue sources of the water, sewer and airport systems totaling approximately \$1.051 billion.

Long-term Debt ⁽¹⁾
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Bonded debt outstanding:						
General obligation bonds	\$ 363,645	\$ 393,524	\$ -	\$ -	\$ 363,645	\$ 393,524
Revenue bonds	-	-	1,050,860	965,183	1,050,860	965,183
Limited obligation debt	1,299,551	1,168,769	-	-	1,299,551	1,168,769
Total	\$ 1,663,196	\$ 1,562,293	\$ 1,050,860	\$ 965,183	\$ 2,714,056	\$ 2,527,476

⁽¹⁾ Amounts are net of unamortized premium and discount

City of Kansas City, Missouri
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April 30, 2016

The City's total debt increased from Fiscal Year 2014-15 by \$186.580 million primarily due to \$482.5 million in principal payments and refunding bonds, offset by the following bonds issued during the fiscal year ending April 30, 2016:

- \$42.195 million General Obligation Refunding Bonds, Series 2015A (Partial Advance Refunding of the General Obligation Improvement and Refunding Bonds, Series 2007A)
- \$183.740 million Sewer Revenue Improvement and Refunding Bonds, Series 2016A (Refunding Sewer Revenue Bonds Series 2005B and advance refunding of Sewer Revenue Bonds, Series 2007A)
- \$34.641 million Lease Purchase Agreement (Fire Fleet)
- \$1.261 million Master Lease Purchase Agreement (Copiers/Printers)
- \$2.805 million Master Lease Purchase Agreement (Ambulance Remounts)
- \$6.230 million Master Lease Purchase Agreement (City Fleet Vehicles)
- \$2.255 million Master Lease Purchase Agreement (Solid Waste Vehicles)
- \$3.726 million Master Lease Purchase Agreement (Smart Cities Project)
- \$60.590 million Special Obligation Improvement Bonds, Series 2016A (ADA Improvements, CAD/RMS Police System, Public Improvements, Park Administration Building Improvements, Urban Baseball Academy, Budget System, North Patrol Police Station and Furnishings Projects)
- \$33.520 million Taxable Special Obligation Improvement Bonds, Series 2016B (Two-Light Improvements, Linwood Shopping Center, Garage Parking Equipment, Building Demolition Program, Paseo Gateway Projects)
- \$31.125 million Special Obligation Refunding Bonds, Series 2016C (Current partial refunding of KCMAC Series 2006A Bonds and advance refunding of the Special Obligation Improvement and Refunding Bonds Series 2008A)
- \$25.650 million Special Obligation Refunding Bonds, Series 2016D (Advance refunding of Special Obligation Improvement Bonds Series 2008B)
- \$182.910 million Special Obligation Improvement and Refunding Bonds, Series 2016E (Advance refunding of Special Obligation Refunding Bonds, Series 2016E and Sprint Center Improvement Project)

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As of April 30, 2016, the City’s bond credit ratings are shown in the following table:

Type of Bonds Issued	Moody’s Rating	Standard and Poor’s Rating	Fitch’s Rating
General obligation bonds	Aa2	AA	AA
Kansas City, Missouri Special Obligation Bonds	A1	AA-	Not rated *
Water revenue bonds (senior lien bonds)	Aa2	AA+	Not rated
Sewer revenue bonds (junior lien bonds)	Aa2	AA	Not rated
Airport revenue bonds (senior lien bonds)	A2	A+	Not rated
Airport revenue bonds (subordinate lien bonds)	A3	A	A

*Some of the City’s annual appropriation pledge bonds are rated “A+” by Fitch.

Article VI, Sections 26(b) and (c) of the state constitution permits the City, by a vote of the qualified electors, to incur indebtedness for City purposes in an aggregate amount not to exceed 10% of the assessed value of property within the City. Article VI, Section 26(d) of the state constitution permits the City, by a vote of the qualified electors, to incur indebtedness for the purposes of acquiring rights-of-way, construction, extending and improving streets, avenues and sanitary or storm sewer systems in an aggregate amount not to exceed 10% of the assessed value of property within the City. Article VI, Section 26(e) of the state constitution permits the City, by a vote of the qualified electors, to incur indebtedness for the purposes of purchasing or constructing waterworks, electric or other light plants in an aggregate amount not to exceed 10% of the assessed value of property within the City. The aggregate limit of GO debt is 20% of the assessed value of property within the City.

The City’s constitutional debt limit calculated as of April 30, 2016 is \$1.43 billion. The City’s current legal debt margin is \$1.094 billion, which takes into account outstanding general obligation bonds less debt service fund balances, which net to \$346 million. Additional information regarding the City’s long-term debt can be found in Note 7 on pages A-91 to A-125 of this report.

Economic Factors and Next Year’s Budgets and Rates

- Per the Bureau of Labor Statistics, the unemployment rate, not seasonally adjusted data for Kansas City calculated using a seven-month average from January 2016 through July 2016, was 4.9%, which is 1.56 percentage points lower than the same average rate one year ago. This compares to the state and national unemployment rates of 4.69% and 5.0%, respectively.
- Inflationary trends in the Kansas City metropolitan statistical area from the first half of 2014 to the first half of 2016 per the Consumer Price Index – all urban consumers (CPI-U), not seasonally adjusted data reflect a 0.6% decrease in the region as compared to national indices of a 0.2% decrease from April 2014 to April 2016.

All of these factors are considered in preparing the City’s budget.

City of Kansas City, Missouri
Management's Discussion and Analysis
April 30, 2016

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Controller's Office, 414 East 12th Street, Suite 302, Kansas City, Missouri 64106 or by emailing finance@kcmo.org.

City of Kansas City, Missouri
Statement of Net Position
April 30, 2016
(In thousands of dollars)

	<u>Primary Government</u>			Discretely Presented Component Units
	Governmental Activities	Business- Type Activities	Total	
Assets				
Cash and investments	\$ 277,535	\$ 370,720	\$ 648,255	\$ 12,072
Receivables, net				
Taxes	106,496	-	106,496	-
Accounts	22,894	58,322	81,216	1,570
Interest	644	731	1,375	6
Other	1,718	5,381	7,099	3,503
Special assessments-net	1,894	-	1,894	-
Due from other governments	12,757	1,056	13,813	3,202
Due from primary government	-	-	-	1,344
Due from component units	3,583	-	3,583	-
Inventories	-	5,239	5,239	2,088
Prepaid items	-	628	628	-
Prepaid bond insurance	1,353	2,161	3,514	-
Other assets	-	-	-	40,345
Restricted assets				
Cash and short-term investments	179,665	453,938	633,603	92,531
Due from primary government	-	-	-	23,723
Accounts receivable	-	3,809	3,809	10,848
Accrued interest receivable	-	873	873	-
Net long-term lease receivable	-	-	-	-
Capital assets, nondepreciable	2,859,383	244,267	3,103,650	18,199
Capital assets, depreciable, net	1,435,175	2,282,388	3,717,563	42,783
Total assets	<u>4,903,097</u>	<u>3,429,513</u>	<u>8,332,610</u>	<u>252,214</u>
Deferred Outflows of Resources				
Items related to pension plans	95,206	8,501	103,707	-
Accumulated decrease in fair value of hedging derivatives	29,501	-	29,501	-
Deferred charge on refunding of bonds	53,787	5,972	59,759	561
Total deferred outflows of resources	<u>178,494</u>	<u>14,473</u>	<u>192,967</u>	<u>561</u>

City of Kansas City, Missouri
Statement of Net Position
April 30, 2016
(In thousands of dollars)

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business- Type Activities	Total	
Liabilities				
Accounts payable	\$ 48,312	\$ 34,679	\$ 82,991	\$ 4,551
Other accrued items	47,485	6,963	54,448	3,430
Construction contracts and retainages payable	3,000	5,803	8,803	-
Internal balances	4,211	(4,211)	-	-
Prepaid lease revenue	-	2,746	2,746	-
Due to primary government	-	-	-	3,583
Due to component units	1,344	-	1,344	-
Unearned revenue	1,383	-	1,383	4,816
Accrued interest	87,410	13,136	100,546	3,112
Other liabilities	34,720	426	35,146	5,811
Long-term liabilities				
Due within one year	101,014	64,045	165,059	72,160
Claims payable due within one year	14,567	5,217	19,784	1,142
Due in more than one year	1,597,969	996,489	2,594,458	582,542
Claims payable due in more than one year	40,778	14,519	55,297	11,391
Net pension liability	569,038	36,904	605,942	-
Other postemployment benefits due in more than one year	56,584	15,083	71,667	29,493
Total liabilities	2,607,815	1,191,799	3,799,614	722,031
Deferred Inflows of Resources				
Deferred gain on refunding of bonds	-	325	325	-
Items related to pension plans	4,584	4,497	9,081	-
Deferred revenue from licenses, permits and franchises	11,494	-	11,494	-
Total deferred inflows of resources	16,078	4,822	20,900	-
Net Position (Deficit)				
Net investment in capital assets	3,077,258	1,701,705	4,778,963	60,364
Restricted for				
Grants	567	-	567	-
Principal and interest	58,848	131,600	190,448	115,550
Insurance reserves	800	-	800	-
Aviation operations	-	83,666	83,666	-
Special programs	-	-	-	46,441
Unrestricted (deficit)	(679,775)	330,394	(349,381)	(691,611)
Total net position (deficit)	\$ 2,457,698	\$ 2,247,365	\$ 4,705,063	\$ (469,256)

City of Kansas City, Missouri
Statement of Activities
Year Ended April 30, 2016
(In thousands of dollars)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 121,497	\$ 165,303	\$ 59,825	\$ -
Public safety	461,866	60,192	2,780	-
Public works	209,041	13,723	1,679	32,571
Neighborhood development	56,294	25,197	17,800	-
Health	54,356	3,780	11,974	-
Culture and recreation	66,167	9,386	2,385	6,678
Convention facilities	45,447	9,058	2,766	8
Economic development	12,213	5,029	-	-
Unallocated depreciation	1,283	-	-	-
Interest on long-term debt and amortization of bond insurance	75,141	-	-	-
Total governmental activities	<u>1,103,305</u>	<u>291,668</u>	<u>99,209</u>	<u>39,257</u>
Business-type activities				
Water	103,390	155,209	-	3,189
Kansas City airports	143,386	155,885	-	14,056
Sewer	133,821	193,608	-	6,717
Total business-type activities	<u>380,597</u>	<u>504,702</u>	<u>-</u>	<u>23,962</u>
Total primary government	<u>\$ 1,483,902</u>	<u>\$ 796,370</u>	<u>\$ 99,209</u>	<u>\$ 63,219</u>
Total component units	<u>\$ 378,561</u>	<u>\$ 14,831</u>	<u>\$ 247,263</u>	<u>\$ 7,898</u>
General Revenues				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Earnings and profits taxes				
Sales taxes				
Local option use taxes				
Hotel and restaurant taxes				
Gaming taxes				
Railroad and utility taxes				
Cigarette taxes				
Tax increment financing revenues				
Investment earnings				
Other				
Total general revenues				
Change in net position				
Net Position, Beginning of Year, as previously reported				
Adjustment for Restatement (GASB Nos. 68 and 71)				
Net Position, Beginning of Year, as restated				
Net Position, End of Year				

**Net (Expenses) Revenues and
Changes in Net Position**

Primary Government			Discretely Presented Component Units
Governmental Activities	Business- Type Activities	Total	
\$ 103,631	\$ -	\$ 103,631	\$ -
(398,894)	-	(398,894)	-
(161,068)	-	(161,068)	-
(13,297)	-	(13,297)	-
(38,602)	-	(38,602)	-
(47,718)	-	(47,718)	-
(33,615)	-	(33,615)	-
(7,184)	-	(7,184)	-
(1,283)	-	(1,283)	-
(75,141)	-	(75,141)	-
(673,171)	-	(673,171)	-
-	55,008	55,008	-
-	26,555	26,555	-
-	66,504	66,504	-
-	148,067	148,067	-
(673,171)	148,067	(525,104)	-
			(108,569)
108,060	-	108,060	-
10,313	-	10,313	-
220,451	-	220,451	-
217,301	-	217,301	744
38,144	-	38,144	-
47,836	-	47,836	-
13,494	-	13,494	-
6,766	-	6,766	-
2,585	-	2,585	-
-	-	-	114,433
1,949	5,172	7,121	168
-	-	-	762
666,899	5,172	672,071	116,107
(6,272)	153,239	146,967	7,538
2,885,729	2,117,859	5,003,588	(581,767)
(421,759)	(23,733)	(445,492)	-
2,463,970	2,094,126	4,558,096	(476,794)
\$ 2,457,698	\$ 2,247,365	\$ 4,705,063	\$ (469,256)

City of Kansas City, Missouri
Governmental Funds Balance Sheet
April 30, 2016
(In thousands of dollars)

	General	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 72,591	\$ 68,016	\$ 130,887	\$ 271,494
Receivables				
Taxes	67,219	13,122	41,715	122,056
Municipal court	4,327	-	-	4,327
Accounts	52,581	-	1,676	54,257
Special assessments	7,592	-	5,118	12,710
Interest and dividends	490	5	135	630
Other	76	-	14	90
Allowance for uncollectible receivables	(51,107)	-	(11,984)	(63,091)
Due from other governments	-	4,214	8,543	12,757
Due from other funds	385	12,413	1,450	14,248
Due from component units	3,583	-	-	3,583
Restricted assets - cash and short-term investments	834	-	178,831	179,665
	<u>\$ 158,571</u>	<u>\$ 97,770</u>	<u>\$ 356,385</u>	<u>\$ 612,726</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 17,369	\$ 7,418	\$ 23,525	\$ 48,312
Other accrued items	6,271	78	3,033	9,382
Construction contracts and retainages payable	-	1,174	1,826	3,000
Due to other funds	6,046	-	10,785	16,831
Due to fiduciary funds	11,607	4,805	10,160	26,572
Due to component units	1,314	-	30	1,344
Advanced revenue	-	-	1,383	1,383
Other liabilities	-	-	5,219	5,219
Total liabilities	<u>42,607</u>	<u>13,475</u>	<u>55,961</u>	<u>112,043</u>
Deferred Inflows of Resources				
Taxes	32,739	-	2,523	35,262
Licenses, permits and franchises	8,704	-	1,324	10,028
Fines and forfeitures	363	-	-	363
Charges for services	5,769	-	-	5,769
Intergovernmental revenue	-	2,472	3,418	5,890
Special assessments	2,705	-	1,122	3,827
Other	182	-	29	211
Total deferred inflows of resources	<u>50,462</u>	<u>2,472</u>	<u>8,416</u>	<u>61,350</u>
Fund Balances				
Restricted	800	-	248,753	249,553
Committed	45,200	49,540	80	94,820
Assigned	19,502	32,283	43,450	95,235
Unassigned	-	-	(275)	(275)
Total fund balances	<u>65,502</u>	<u>81,823</u>	<u>292,008</u>	<u>439,333</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 158,571</u>	<u>\$ 97,770</u>	<u>\$ 356,385</u>	<u>\$ 612,726</u>

City of Kansas City, Missouri
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
April 30, 2016
(In thousands of dollars)

Fund balances—total governmental funds	\$	439,333
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Governmental capital assets	\$	5,198,178
Less: accumulated depreciation		(903,620)
Net effect of capital assets		4,294,558
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due		(87,410)
Revenues that are deferred in the governmental funds due to the City not receiving cash within sixty days are not available to pay current-period expenditures and, therefore, are not recorded in the funds		49,856
Prepaid bond insurance, net of related amortization, is not recorded as an asset in the governmental funds		1,353
Deferred charges on refunding of bonds, net of related amortization, are not recorded as a deferred outflow in the governmental funds		53,787
Deferred inflows and outflows of resources in Government Activities related to pensions are not recorded in the fund statements		90,622
Accumulated net decrease in fair value of hedging derivatives are not reported in the governmental funds		29,501
Interest rate swap liabilities and assets are not reported in the governmental funds		(29,501)
Long-term obligations, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds and notes payable	(1,595,558)	
Unamortized premium on bond issues	(70,675)	
Deferred discount on bond issues	3,037	
Net pension liability	(569,038)	
Other postemployment benefit obligations	(56,584)	
Compensated absences	(35,787)	
Claims payable	(55,345)	
Net effect of long-term obligations		(2,379,950)
Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position		(4,451)
Net position of governmental activities	\$	2,457,698

City of Kansas City, Missouri
Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended April 30, 2016
(In thousands of dollars)

	General	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 331,724	\$ 70,637	\$ 266,395	\$ 668,756
Licenses, permits and franchises	116,013	-	25,278	141,291
Fines and forfeitures	14,222	-	1,977	16,199
Rents and concessions	1,016	-	15,072	16,088
Investment income and interest	1,154	24	725	1,903
Charges for services	61,422	2,529	25,270	89,221
Intergovernmental revenues	4,158	9,013	76,351	89,522
Special assessments	387	-	9,742	10,129
Contributions	2,255	1,677	3,838	7,770
Other	5,955	662	7,944	14,561
Total revenues	<u>538,306</u>	<u>84,542</u>	<u>432,592</u>	<u>1,055,440</u>
Expenditures				
Current				
General government	100,455	8,258	15,390	124,103
Fire	149,433	-	3,516	152,949
Public works	25,651	21,039	42,508	89,198
Neighborhood development	22,126	885	30,475	53,486
Health	-	-	53,286	53,286
Culture and recreation	2,642	2,828	39,658	45,128
Convention facilities	-	-	31,423	31,423
Economic development	-	-	12,212	12,212
Police	209,006	-	9,598	218,604
Intergovernmental				
KCATA	-	-	56,386	56,386
Debt service				
Principal retirement	-	-	82,029	82,029
Interest	-	-	61,696	61,696
Fiscal agent fees	-	-	1,828	1,828
Bond issue costs	-	-	1,714	1,714
Capital outlay				
Public works	-	14,662	58,482	73,144
Health	-	-	130	130
Culture and recreation	122	8,849	5,587	14,558
Convention facilities	-	-	3,153	3,153
Neighborhood development	-	591	1,327	1,918
Fire	-	-	36,765	36,765
General government	544	602	34,632	35,778
Total expenditures	<u>509,979</u>	<u>57,714</u>	<u>581,795</u>	<u>1,149,488</u>
Excess (deficiency) of revenues over expenditures	<u>28,327</u>	<u>26,828</u>	<u>(149,203)</u>	<u>(94,048)</u>
Other Financing Sources (Uses)				
Transfers in	40,079	2,381	129,828	172,288
Transfers out	(55,114)	(24,106)	(93,068)	(172,288)
Issuance of debt	-	-	150,854	150,854
Premium on bond issue	-	-	8,814	8,814
Discount on bond issue	-	-	(67)	(67)
Issuance of refunding debt	-	-	276,055	276,055
Premium on refunding bond issue	-	-	38,902	38,902
Discount on refunding bond issue	-	-	(358)	(358)
Payment to refunding bond escrow agent	-	-	(312,627)	(312,627)
Other financing sources (uses), net	<u>(15,035)</u>	<u>(21,725)</u>	<u>198,333</u>	<u>161,573</u>
Net change in fund balances	<u>13,292</u>	<u>5,103</u>	<u>49,130</u>	<u>67,525</u>
Fund Balances, Beginning of Year	<u>52,210</u>	<u>76,720</u>	<u>242,878</u>	<u>371,808</u>
Fund Balances, End of Year	<u>\$ 65,502</u>	<u>\$ 81,823</u>	<u>\$ 292,008</u>	<u>\$ 439,333</u>

City of Kansas City, Missouri
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
Year Ended April 30, 2016
(In thousands of dollars)

Net change in fund balances—total governmental funds	\$	67,525
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which capital outlays exceeded depreciation in the current period:</p>		
Capital outlay	\$	165,446
Depreciation		(82,042)
Capital outlay- loss on disposal of assets and decreases to construction in progress balances		(53,226)
Contributions of capital assets do not provide current financial resources and are not reported as revenues in the funds		11,878
Net effect of capital assets		42,056
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		13,273
Expenses in the statement of activities that do not use current financial resources are not reported as expenditures in the funds		(17,010)
Interest expense on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due:		
Change in accrued interest payable		(9,674)
<p>The issuance of long-term debt (for example, bonds, notes and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt:</p>		
Bond and note proceeds, including premium/discount	(474,200)	
Repayment of principal (bonds, loans, capitalized lease obligations)	82,029	
Defeasance of debt refunding	312,627	
Defeasance of debt refunding - interest component	(23,632)	
Amortization of premium/discount, net	2,273	
Amortization of prepaid bond insurance	(992)	
Amortization of deferred charge on refunding	(7,270)	
Deferred charge on refunding	29,395	
Net effect of long-term debt	(79,770)	
Long-term obligations are not payable from current financial resources and are not reported as liabilities of the governmental funds		
Change in net pension liability	(32,350)	
Change in deferred inflows and outflows related to pension plans	23,385	
Change in other postemployment benefits	(2,354)	
Change in claims payable	(3,065)	
Change in compensated absences	(4,378)	
Net effect of other long-term obligations	(18,762)	
Net effect of all long-term obligations		(98,532)
Internal service funds are used by management to charge the costs of various activities internally to individual funds. The change in net position of certain activities of internal service funds is reported with governmental activities		(3,910)
Change in net position of governmental activities	\$	(6,272)

City of Kansas City, Missouri
Proprietary Funds Statement of Net Position
April 30, 2016
(In thousands of dollars)

	Business-type Activities—Enterprise Funds				Governmental Activities Internal Service Fund KCMO Healthcare
	Water	Kansas City Airports	Sewer	Total	
Assets					
Current Assets					
Cash and cash equivalents	\$ 1,483	\$ 1,384	\$ 2,112	\$ 4,979	\$ 6,041
Investments	18,375	16,962	26,296	61,633	-
Receivables					
Accounts	32,329	6,786	43,377	82,492	2,492
Interest and dividends	233	228	270	731	14
Allowance for uncollectible receivables	(12,172)	(203)	(11,795)	(24,170)	-
Notes receivable - current	484	-	-	484	-
Due from other governments	-	1,056	-	1,056	-
Due from other funds	326	1,484	4	1,814	-
Prepaid items	-	628	-	628	-
Inventories	3,709	699	831	5,239	-
Total unrestricted assets	<u>44,767</u>	<u>29,024</u>	<u>61,095</u>	<u>134,886</u>	<u>8,547</u>
Restricted assets					
Cash and cash equivalents	933	1,605	5,932	8,470	-
Investments	11,622	20,231	133,698	165,551	-
Accounts receivable	-	3,424	-	3,424	-
Interest receivable	235	272	366	873	-
Total restricted assets	<u>12,790</u>	<u>25,532</u>	<u>139,996</u>	<u>178,318</u>	<u>-</u>
Total current assets	<u>57,557</u>	<u>54,556</u>	<u>201,091</u>	<u>313,204</u>	<u>8,547</u>
Noncurrent Assets					
Restricted assets—investments	98,559	99,811	81,547	279,917	-
Investments	90,690	83,683	129,735	304,108	-
Notes receivable	4,897	-	-	4,897	-
Due from other funds	-	3,012	-	3,012	-
Capital assets, nondepreciable	89,046	50,842	104,379	244,267	-
Capital assets, depreciable, net	812,695	506,393	963,300	2,282,388	-
Unrestricted accounts receivable, net	-	385	-	385	-
Prepaid bond insurance, net	2,043	118	-	2,161	-
Total noncurrent assets	<u>1,097,930</u>	<u>744,244</u>	<u>1,278,961</u>	<u>3,121,135</u>	<u>-</u>
Total assets	<u>1,155,487</u>	<u>798,800</u>	<u>1,480,052</u>	<u>3,434,339</u>	<u>8,547</u>
Deferred Outflows of Resources					
Deferred loss on refunding of bonds	2,849	1,691	1,432	5,972	-
Items related to pension plan	3,082	2,818	2,601	8,501	-
Total deferred outflows of resources	<u>5,931</u>	<u>4,509</u>	<u>4,033</u>	<u>14,473</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,161,418</u>	<u>\$ 803,309</u>	<u>\$ 1,484,085</u>	<u>\$ 3,448,812</u>	<u>\$ 8,547</u>

City of Kansas City, Missouri
Proprietary Funds Statement of Net Position (Continued)
April 30, 2016
(In thousands of dollars)

	<u>Business-type Activities—Enterprise Funds</u>				Governmental Activities Internal Service Fund KCMO Healthcare
	Water	Kansas City Airports	Sewer	Total	
Liabilities					
Current liabilities					
Accounts payable	\$ 12,167	\$ 6,795	\$ 14,952	\$ 33,914	\$ -
Compensated absences	900	640	683	2,223	-
Other accrued expense	1,520	1,168	1,547	4,235	12,998
Other accrued liabilities	-	313	-	313	-
Other liabilities	313	-	113	426	-
Due to other funds	385	-	230	615	-
Prepaid lease revenue	-	2,746	-	2,746	-
Claims payable	2,893	779	1,545	5,217	-
Total liabilities payable from unrestricted assets	<u>18,178</u>	<u>12,441</u>	<u>19,070</u>	<u>49,689</u>	<u>12,998</u>
Liabilities payable from restricted assets					
Accounts payable	-	765	-	765	-
Matured bonds and coupons	-	289	-	289	-
Accrued interest and fiscal agent fees	6,199	1,651	5,286	13,136	-
Customer deposits and other liabilities	2,439	-	-	2,439	-
Construction contracts and retainages payable	3,808	-	1,995	5,803	-
Revenue bonds, portion due within one year	16,485	23,530	21,494	61,509	-
Total liabilities payable from restricted assets	<u>28,931</u>	<u>26,235</u>	<u>28,775</u>	<u>83,941</u>	<u>-</u>
Total current liabilities	<u>47,109</u>	<u>38,676</u>	<u>47,845</u>	<u>133,630</u>	<u>12,998</u>
Noncurrent liabilities					
Compensated absences	2,793	1,938	1,886	6,617	-
Net pension liability	13,380	12,233	11,291	36,904	-
Claims payable	8,175	2,116	4,228	14,519	-
Postretirement liability	5,404	5,117	4,562	15,083	-
Other accrued liabilities	-	521	-	521	-
Revenue bonds, less current portion	358,217	185,751	445,383	989,351	-
Total noncurrent liabilities	<u>387,969</u>	<u>207,676</u>	<u>467,350</u>	<u>1,062,995</u>	<u>-</u>
Total liabilities	<u>435,078</u>	<u>246,352</u>	<u>515,195</u>	<u>1,196,625</u>	<u>12,998</u>
Deferred Inflows of Resources					
Deferred gain on refunding of bonds	-	325	-	325	-
Items related to pension plan	1,471	1,508	1,518	4,497	-
Total deferred inflows of resources	<u>1,471</u>	<u>1,833</u>	<u>1,518</u>	<u>4,822</u>	<u>-</u>
Net Position					
Net investment in capital assets	593,544	347,574	760,587	1,701,705	-
Restricted - expendable					
Principal and interest	37,103	38,973	55,524	131,600	-
Airline operations	-	83,666	-	83,666	-
Unrestricted	94,222	84,911	151,261	330,394	(4,451)
Total net position	<u>724,869</u>	<u>555,124</u>	<u>967,372</u>	<u>2,247,365</u>	<u>(4,451)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,161,418</u>	<u>\$ 803,309</u>	<u>\$ 1,484,085</u>	<u>\$ 3,448,812</u>	<u>\$ 8,547</u>

City of Kansas City, Missouri
Proprietary Funds Statement of Revenues, Expenses
and Changes in Fund Net Position
Year Ended April 30, 2016
(In thousands of dollars)

	Business-type Activities—Enterprise Funds				Governmental Activities Internal Service Fund KCMO Healthcare
	Water	Kansas City Airports	Sewer	Total	
Operating Revenues					
Charges for services	\$ 149,026	\$ 125,661	\$ 188,815	\$ 463,502	\$ 63,834
Other	6,183	1,589	4,793	12,565	59
Total operating revenues	<u>155,209</u>	<u>127,250</u>	<u>193,608</u>	<u>476,067</u>	<u>63,893</u>
Operating Expenses					
Salaries, wages and employee benefits	30,448	29,512	30,350	90,310	99
Supplies and materials	10,341	4,579	8,664	23,584	-
Utilities	9,339	-	9,725	19,064	-
Contractual services	13,319	48,655	35,499	97,473	626
Repairs and maintenance	10,971	-	8,771	19,742	-
Insurance	2,364	-	1,798	4,162	3,759
Claims	-	-	-	-	60,669
Claims-administration	-	-	-	-	2,203
Depreciation and amortization	17,222	52,936	28,559	98,717	-
Other	(282)	-	(371)	(653)	484
Total operating expenses	<u>93,722</u>	<u>135,682</u>	<u>122,995</u>	<u>352,399</u>	<u>67,840</u>
Operating income (loss)	<u>61,487</u>	<u>(8,432)</u>	<u>70,613</u>	<u>123,668</u>	<u>(3,947)</u>
Nonoperating Revenues (Expenses)					
Investment income	1,517	1,602	2,053	5,172	37
Interest expense and fiscal agent fees	(9,554)	(7,704)	(10,798)	(28,056)	-
Passenger facility charges	-	20,698	-	20,698	-
Customer facility charges	-	7,013	-	7,013	-
Grants	-	212	-	212	-
Other revenue	-	712	-	712	-
Other expense	(114)	-	(28)	(142)	-
Total nonoperating revenues (expenses), net	<u>(8,151)</u>	<u>22,533</u>	<u>(8,773)</u>	<u>5,609</u>	<u>37</u>
Income (loss) before capital contributions	53,336	14,101	61,840	129,277	(3,910)
Capital contributions	3,189	14,056	6,717	23,962	-
Change in net position	<u>56,525</u>	<u>28,157</u>	<u>68,557</u>	<u>153,239</u>	<u>(3,910)</u>
Net Position, Beginning of Year, as originally reported	676,815	534,644	906,400	2,117,859	(541)
Adjustment for Restatement (GASB Nos. 68 and 71)	(8,471)	(7,677)	(7,585)	(23,733)	-
Net Position, Beginning of Year, as Restated	<u>668,344</u>	<u>526,967</u>	<u>898,815</u>	<u>2,094,126</u>	<u>(541)</u>
Net Position, End of Year	<u>\$ 724,869</u>	<u>\$ 555,124</u>	<u>\$ 967,372</u>	<u>\$ 2,247,365</u>	<u>\$ (4,451)</u>

City of Kansas City, Missouri
Proprietary Funds Statement of Cash Flows
Year Ended April 30, 2016
(In thousands of dollars)

	Business-type Activities—Enterprise Funds				Governmental Activities Internal Service Fund KCMO Healthcare
	Water	Kansas City Airports	Sewer	Total	
Operating Activities					
Cash received from customers	\$ 147,369	\$ 126,778	\$ 186,388	\$ 460,535	\$ 63,234
Receipts from interfund services provided	5,766	-	457	6,223	-
Cash paid to employees, including benefits	(30,777)	(30,282)	(30,865)	(91,924)	(74)
Cash paid to suppliers	(50,506)	(49,646)	(61,149)	(161,301)	(60,463)
Cash paid for interfund services used	(7,202)	(7,822)	(10,683)	(25,707)	-
Other cash paid for operations	-	-	-	-	(1,109)
Net cash provided by operating activities	<u>64,650</u>	<u>39,028</u>	<u>84,148</u>	<u>187,826</u>	<u>1,588</u>
Noncapital Financing Activities					
Payments received on loan to Capital Improvements Fund	2,500	-	-	2,500	-
Payments received on loan to General Fund	-	365	-	365	-
Proceeds from operating grants	-	212	-	212	-
Net cash provided by noncapital financing activities	<u>2,500</u>	<u>577</u>	<u>-</u>	<u>3,077</u>	<u>-</u>
Capital and Related Financing Activities					
Acquisition and construction of capital assets	(72,867)	(36,006)	(66,664)	(175,537)	-
Proceeds from issuance of revenue bonds and notes, net of premium and discount	-	-	202,474	202,474	-
Proceeds from capital contributions	-	14,389	-	14,389	-
Principal paid on revenue bond maturities, notes and equipment contracts	(31,484)	(22,435)	(18,282)	(72,201)	-
Interest and fiscal agent fees paid on revenue bonds, notes and equipment contracts	(14,843)	(10,418)	(15,502)	(40,763)	-
Refunding of bond principal	-	-	(39,295)	(39,295)	-
Proceeds from sale of capital assets	100	25	203	328	-
Debt issuance costs	-	-	96	96	-
Proceeds from repayment of notes receivable	457	-	-	457	-
Community improvement district collections	-	509	-	509	-
Passenger facility charges	-	20,698	-	20,698	-
Customer facility charges	-	7,013	-	7,013	-
Net cash provided by (used in) capital and related financing activities	<u>(118,637)</u>	<u>(26,225)</u>	<u>63,030</u>	<u>(81,832)</u>	<u>-</u>
Investing Activities					
Purchase of investments	(249,926)	(149,531)	(247,671)	(647,128)	-
Proceeds from sales and maturities of investments	292,778	126,538	91,914	511,230	-
Interest and dividends on investments	1,180	1,823	1,641	4,644	35
Net cash provided by (used in) investing activities	<u>44,032</u>	<u>(21,170)</u>	<u>(154,116)</u>	<u>(131,254)</u>	<u>35</u>
Net increase (decrease) in cash and cash equivalents	(7,455)	(7,790)	(6,938)	(22,183)	1,623
Cash and Cash Equivalents, Beginning of Year	9,871	10,779	14,982	35,632	4,418
Cash and Cash Equivalents, End of Year	<u>\$ 2,416</u>	<u>\$ 2,989</u>	<u>\$ 8,044</u>	<u>\$ 13,449</u>	<u>\$ 6,041</u>
Components of Cash and Cash Equivalents, End of Fiscal Year					
Unrestricted	\$ 1,483	\$ 1,384	\$ 2,112	\$ 4,979	\$ 6,041
Restricted	933	1,605	5,932	8,470	-
	<u>\$ 2,416</u>	<u>\$ 2,989</u>	<u>\$ 8,044</u>	<u>\$ 13,449</u>	<u>\$ 6,041</u>

City of Kansas City, Missouri
Proprietary Funds Statement of Cash Flows (Continued)
Year Ended April 30, 2016
(In thousands of dollars)

	<u>Business-type Activities—Enterprise Funds</u>				Governmental Activities Internal Service Fund KCMO Healthcare
	<u>Water</u>	<u>Kansas City Airports</u>	<u>Sewer</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 61,487	\$ (8,432)	\$ 70,613	\$ 123,668	\$ (3,947)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation and amortization	17,222	52,936	28,559	98,717	-
Changes in assets and liabilities					
Decrease (increase) in accounts receivables	(1,824)	216	(6,773)	(8,381)	(390)
Decrease (increase) in inventories	(1,167)	23	(362)	(1,506)	-
Decrease (increase) in prepaid items	-	(1)	-	(1)	-
Decrease (increase) in due to and from other funds, net	(331)	-	241	(90)	-
Increase (decrease) in current liabilities, excluding debt obligations	(10,547)	(4,511)	(7,448)	(22,506)	5,925
Increase (decrease) in prepaid lease revenue	-	(347)	-	(347)	-
Increase (decrease) in other post employment obligation	216	100	187	503	-
Increase (decrease) in pension liability	(1,004)	(1,002)	(991)	(2,997)	-
Increase (decrease) in claims liability	598	75	200	873	-
Increase (decrease) in other accrued expenses	-	(29)	(78)	(107)	-
Total adjustments	<u>3,163</u>	<u>47,460</u>	<u>13,535</u>	<u>64,158</u>	<u>5,535</u>
Net cash provided by operating activities	<u>\$ 64,650</u>	<u>\$ 39,028</u>	<u>\$ 84,148</u>	<u>\$ 187,826</u>	<u>\$ 1,588</u>
Noncash activities					
Contributions of capital assets	\$ 3,188	\$ -	\$ 6,716	\$ 9,904	\$ -
Change in fair value of investments	(344)	(168)	(368)	(880)	-
Accounts payable incurred for the purchase of capital assets	11,025	3,310	12,346	26,681	-

City of Kansas City, Missouri
Fiduciary Funds Statement of Fiduciary Net Position
April 30, 2016
(In thousands of dollars)

	Pension Trusts	Private Purpose Trusts	Agency Funds
Assets			
Cash and cash equivalents	\$ 37	\$ 875	\$ 6,851
Investments			
U.S. government securities	54,873	-	-
Municipal bonds	4,041	-	-
Corporate bonds and notes	151,582	-	-
Common and preferred stock	335,587	-	-
All country world index fund	124,205	-	-
Equity funds	94,281	-	-
Government mortgage-backed securities	46,873	-	-
Government agency fund	72,820	-	-
Asset-backed securities	1,139	-	-
Commercial mortgage-backed securities	175	-	-
Partnerships-equity	34,750	-	-
Partnerships-fixed income	28,497	-	-
Partnerships-real estate	54,077	-	-
Real estate funds	116,718	-	-
Short-term investment funds	58,150	-	-
Foreign equities	59,442	-	-
Foreign debt obligations	1,011	-	-
Emerging market equities	22,908	-	-
Collective trusts—equities	628,109	-	-
Collective trusts—fixed income	229,226	-	-
Collective trusts—hedge funds	71,285	-	-
Collective trust—real estate	84,774	-	-
International small cap equity funds	11,806	-	-
Hedge fund of funds	93,175	-	-
Receivables			
Interest and dividends	3,003	2	2
Accounts receivable	-	-	1,442
Other	6,904	-	18
Due from other funds	2,848	-	23,724
Securities lending collateral	171,626	-	-
Other assets	2	-	-
Total assets	<u>2,563,924</u>	<u>877</u>	<u>32,037</u>
Liabilities			
Accounts payable	8,736	-	24,395
Due to other funds	-	-	1,628
Securities lending collateral	171,626	-	-
Deposits	-	-	6,014
Total liabilities	<u>180,362</u>	<u>-</u>	<u>32,037</u>
Net Position			
Net position restricted for pensions and other purposes	<u>\$ 2,383,562</u>	<u>\$ 877</u>	<u>\$ -</u>

City of Kansas City, Missouri
Fiduciary Funds Statement of Changes in Fiduciary Net Position
Year Ended April 30, 2016
(In thousands of dollars)

	Pension Trusts	Private Purpose Trusts
Additions		
City contributions	\$ 79,168	\$ 1
Employee contributions	27,039	-
Total contributions	106,207	1
Investment income (expense)		
Investment income	36,496	4
Net depreciation in fair value of investments	(61,638)	-
Investment expense	(12,836)	-
Securities lending income	859	-
Securities lending expense	(330)	-
Net investment income	(37,449)	4
Contributions	-	1
Total additions	68,758	5
Deductions		
Pension benefits	165,313	-
Employee refunds	7,480	-
Administrative expense	1,355	-
Nondepartmental	-	56
Total deductions	174,148	56
Net decrease	(105,390)	(51)
Net Position, Restricted for Pensions and Other Purposes		
Beginning of Year	2,488,952	928
Net Position, Restricted for Pensions and Other Purposes		
End of Year	\$ 2,383,562	\$ 877

City of Kansas City, Missouri
Discretely Presented Component Units Combining Statement of Net Position
April 30, 2016
(In thousands of dollars)

Assets	Economic Development Corporation	Tax Increment Financing Commission	Land Clearance for Redevelopment Authority	Port Authority of Kansas City, Missouri	Police Department	Other	Total
Cash and short-term investments	\$ 2,183	\$ 811	\$ 280	\$ 2,259	\$ 4,189	\$ 2,350	\$ 12,072
Receivables							
Accounts	870	-	65	342	293	-	1,570
Notes	503	-	1,394	-	-	-	1,897
Interest	2	-	-	-	1	3	6
Other	-	-	-	-	4	1,602	1,606
Due from other governments	-	-	-	-	3,202	-	3,202
Due from primary government	-	-	46	-	1,298	-	1,344
Inventories	-	-	-	-	2,036	52	2,088
Restricted assets							
Cash and short-term investments	-	87,502	-	2,693	1,621	715	92,531
Due from primary government	-	23,723	-	-	-	-	23,723
Receivables	-	10,848	-	-	-	-	10,848
Capital assets, nondepreciable	-	1,059	1,900	15,240	-	-	18,199
Capital assets, depreciable, net	64	-	2,055	8,958	31,706	-	42,783
Assets held for redevelopment	-	-	569	-	-	39,258	39,827
Other assets	121	-	10	48	-	339	518
Total assets	<u>3,743</u>	<u>123,943</u>	<u>6,319</u>	<u>29,540</u>	<u>44,350</u>	<u>44,319</u>	<u>252,214</u>
Deferred Outflows of Resources							
Deferred charge on refunding of bonds	-	561	-	-	-	-	561
Liabilities							
Accounts payable	166	3,577	216	155	171	266	4,551
Interest payable	-	3,112	-	-	-	-	3,112
Compensated absences—current	-	-	-	-	8,692	-	8,692
Claims payable—current	-	-	-	-	1,142	-	1,142
Current maturities of debt	-	63,430	-	38	-	-	63,468
Other accrued expense	167	-	-	-	2,829	434	3,430
Due to primary government	-	-	1,486	-	2,097	-	3,583
Compensated absences—noncurrent	-	-	-	-	35,339	-	35,339
Unearned revenue	313	3,791	8	590	72	42	4,816
Long-term debt	-	546,687	-	516	-	-	547,203
Net OPEB obligation	-	-	-	-	29,493	-	29,493
Claims payable	-	-	-	-	11,391	-	11,391
Other liabilities	-	651	1	919	240	4,000	5,811
Total liabilities	<u>646</u>	<u>621,248</u>	<u>1,711</u>	<u>2,218</u>	<u>91,466</u>	<u>4,742</u>	<u>722,031</u>
Net Position (Deficit)							
Net investment in capital assets	-	1,059	3,955	23,644	31,706	-	60,364
Restricted - expendable for:							
Debt service	-	115,550	-	-	-	-	115,550
Special programs	-	-	493	2,121	3,212	40,615	46,441
Unrestricted (deficit)	<u>3,097</u>	<u>(613,353)</u>	<u>160</u>	<u>1,557</u>	<u>(82,034)</u>	<u>(1,038)</u>	<u>(691,611)</u>
Total net position (deficit)	<u>\$ 3,097</u>	<u>\$ (496,744)</u>	<u>\$ 4,608</u>	<u>\$ 27,322</u>	<u>\$ (47,116)</u>	<u>\$ 39,577</u>	<u>\$ (469,256)</u>

City of Kansas City, Missouri
Discretely Presented Component Units Combining Statement of Activities
Year Ended April 30, 2016
(In thousands of dollars)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Economic Development Corporation	\$ 5,610	\$ 3,726	\$ 1,502	\$ -
Tax Increment Financing Commission	103,528	2,006	8,017	-
Land Clearance for Redevelopment Authority	3,422	654	1,199	813
Port Authority of Kansas City, Missouri	2,849	2,972	88	1,609
Police Department	251,569	4,223	233,841	415
Other	11,583	1,250	2,616	5,061
Total	\$ 378,561	\$ 14,831	\$ 247,263	\$ 7,898
General revenues				
Sales and use taxes				
Investment earnings				
Other				
Tax increment financing revenues				
Total general revenues				
Change in net position				
Net position (deficit)—Beginning of Year, as restated				
Net position (deficit)—End of Year				

Net (Expenses) Revenues and Changes in Net Position

Economic Development Corporation	Tax Increment Financing Commission	Land Clearance for Redevelopment Authority	Port Authority of Kansas City, Missouri	Police Department	Other	Total
\$ (382)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (382)
-	(93,505)	-	-	-	-	(93,505)
-	-	(756)	-	-	-	(756)
-	-	-	1,820	-	-	1,820
-	-	-	-	(13,090)	-	(13,090)
-	-	-	-	-	(2,656)	(2,656)
<u>\$ (382)</u>	<u>\$ (93,505)</u>	<u>\$ (756)</u>	<u>\$ 1,820</u>	<u>\$ (13,090)</u>	<u>\$ (2,656)</u>	<u>\$ (108,569)</u>
-	-	-	-	-	744	744
4	166	1	7	6	(16)	168
-	-	-	-	-	762	762
-	113,515	-	-	-	918	114,433
<u>4</u>	<u>113,681</u>	<u>1</u>	<u>7</u>	<u>6</u>	<u>2,408</u>	<u>116,107</u>
(378)	20,176	(755)	1,827	(13,084)	(248)	7,538
3,475	(516,920)	5,363	25,495	(34,032)	39,825	(476,794)
<u>\$ 3,097</u>	<u>\$ (496,744)</u>	<u>\$ 4,608</u>	<u>\$ 27,322</u>	<u>\$ (47,116)</u>	<u>\$ 39,577</u>	<u>\$ (469,256)</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Note 1: Nature of Operations and Summary of Significant Accounting Policies

The City of Kansas City, Missouri (the City) was incorporated in 1850 and covers an area of approximately 319 square miles in Jackson, Clay, Platte and Cass counties in Missouri. The City is a charter city and utilizes a council/manager form of government. The City provides services to its residents in many areas, including public safety, water and sewer services, community environment and development, recreation and various social services.

The accounting and reporting policies of the City conform to U.S. generally accepted accounting principles (GAAP) applicable to local governments. The following is a summary of the more significant accounting policies and practices of the City.

Financial Reporting Entity

The accompanying financial statements present the City's primary government and component units over which the City is financially accountable. Financial accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Component units are reported in the City's financial statements as follows:

Blended Component Units

The following legally separate entities are component units that are, in substance, a part of the City's general operations.

Kansas City Municipal Assistance Corporation (KCMAC) is governed by a seven-member board appointed by the city manager. Although it is legally separate from the City, KCMAC is reported as if it were part of the primary government because its sole function is the financing of municipal projects for the City. The activities of KCMAC are included in the accompanying financial statements as part of the nonmajor governmental funds. KCMAC does not have separately issued financial statements.

The *Police Retirement System* and the *Civilian Employees' Retirement System* are governed by a single seven-member board, as defined by state statutes. The City is legally responsible to pay the pension contributions for the two police pension plans directly to the pension systems, creating a special funding situation. The funding requirement is separate and apart from the funding requirement of the Board of Police Commissioners. These retirement systems are reported as if they are a part of the City because their sole function is to administer police benefit programs the City is required to provide. The activities of the retirement systems are included in the accompanying financial statements as pension trust funds. See Note 10 for how stand-alone financial statements for those two pension plans can be found.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Discretely Presented Component Units

The component units' column in the financial statements includes the financial data of the City's other component units. They are reported in a separate column to emphasize they are legally separate from the City.

1. Economic Development Corporation (EDC) is a 501(c)(4) not for profit business development organization funded by both public and private sector monies. City officials constitute three of the nine members of the EDC board of directors. The Mayor appoints an additional five at large members. EDC provides a financial benefit to the City by performing economic development services that retain and grow Kansas City, Missouri businesses. The complete financial statements may be obtained by writing to the EDC at 1100 Walnut St., Suite 1700, Kansas City, Missouri 64106 or by calling 816.221.0636.
2. Tax Increment Financing Commission (TIFC) uses tax increment financing as a method to finance redevelopment project expenses through payments in lieu of taxes and economic activity taxes. The mayor appoints a voting majority of the Board of Commissioners. The TIFC provides a financial benefit to the City by developing blighted, substandard and economically underutilized areas within the City. The complete financial statements may be obtained by writing to the TIFC at 1100 Walnut St., Suite 1700, Kansas City, Missouri 64106 or by calling 816.221.0636.
3. Land Clearance for Redevelopment Authority (LCRA) eliminates blight within the City limits by acquiring and preparing land for redevelopment. The mayor appoints all five members of the board of commissioners. The City approves certain project budgets of the LCRA and provides a significant amount of revenue. The complete financial statements may be obtained by writing to the LCRA at 1100 Walnut St., Suite 1700, Kansas City, Missouri 64106 or by calling 816.221.0636.
4. Port Authority of Kansas City, Missouri (Port Authority) is responsible for the planning and development of the Missouri River and other development areas in the Kansas City Missouri corporate limits. The mayor appoints all nine members of the board of commissioners. The Port Authority provides a financial benefit to the City by promoting economic development and job creation within the City. The complete financial statements may be obtained by writing to the Port Authority at 300 Wyandotte, Suite 100, Kansas City, Missouri 64105 or by calling 816.559.3750.
5. The Kansas City Board of Police Commissioners (Police Department) provides police services for the City and is governed by a five-member board. The mayor is a member, with the four remaining members appointed by the governor of Missouri. Under state statutes, the City must provide funding to the board amounting to at least 20% of the City's general revenues. Further, the board cannot levy taxes or issue bonded debt, powers that are held by the City, to the benefit of the board. As a result of the board's fiscal dependency upon the City, the City is financially accountable for the board. The complete financial statements may be obtained by writing to the Kansas City Board of Police Commissioners at 1125 Locust, Kansas City, Missouri 64106 or by calling 816.234.5055.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

6. EDC—Charitable Fund merges public and private funds and development incentives to acquire, construct, maintain and operate redevelopment projects. EDC-Charitable Fund has a five-member board of directors consisting of four Economic Development Corporation (EDC) board members, including a city council member and the president of EDC. The City has provided significant funding, by use of federal grants, to EDC-Charitable Fund, which reflects EDC-Charitable Fund's dependence on the City. The complete financial statements may be obtained by writing to the EDC-Charitable Fund at 1100 Walnut St., Suite 1700, Kansas City, Missouri 64106 or by calling 816.221.0636.
7. Maintenance Reserve Corporation (MRC) administers a home maintenance program provided to certain homeowners participating in loan programs formerly administered for the City by the Housing and Economic Development Financial Corporation. MRC is governed by a four-member board of directors appointed by the city manager. Funding of MRC's activities is provided primarily by federal grants obtained by the City. The complete financial statements may be obtained by writing to the City of Kansas City, Missouri, Finance Department at 414 E. 12th Street, Suite 302, Kansas City, Missouri 64106 or by calling 816.513.1173.
8. Downtown Economic Stimulus Authority of Kansas City, Missouri (DESA) reviews development projects vying to use the state revenues authorized by the Missouri DESA and makes formal recommendations to the City Council and the Missouri Development Finance Board. The mayor appoints 12 of the 13 members of the board of commissioners. The City is able to impose its will on the DESA. The complete financial statements may be obtained by writing to the DESA at 1100 Walnut St., Suite 1700, Kansas City, Missouri 64106 or by calling 816.221.0636.
9. Kansas City International Airport—Community Improvement District (KCICID) provides a financial benefit to the City by collecting sales and use taxes to address economic, social and infrastructure needs within the district as well as providing management, operational and ownership duties for all real and personal property either owned, leased to, or from the KCICID. The mayor appoints all five members of the KCICID board of directors. The complete financial statements may be obtained by writing to the Kansas City, Missouri International Airport at 601 Brasilia Ave., Kansas City, Missouri 64153 or by calling 816.243.3000.
10. Performing Arts Community Improvement District (PACID) provides a financial benefit to the City by collecting sales taxes and fees, rents and other charges within the district for the purpose of funding the expansion and improvements of the downtown Kansas City, Missouri area surrounding Bartle Hall and the Performing Arts Center. The mayor appoints all eight members of the PACID board of directors. The complete financial statements may be obtained by writing to the City of Kansas City, Missouri, Finance Department at 414 E. 12th St., Suite 302, Kansas City, Missouri 64106 or by calling 816.513.1173.
11. The American Jazz Museum (AJM) is responsible for overseeing operation of the American Jazz Museum, the Gem Theater, the Blue Room, the Horace Peterson III Visitors Center and the common areas of the Museum at 18th and Vine. The City has determined to include the AJM as a component unit in order to prevent its financial statements from being misleading.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

The complete financial statements may be obtained by writing the AJM at 1616 East 18th Street, Kansas City, Missouri 64108 or by calling 816.474.8463.

12. Land Bank of Kansas City, Missouri (Land Bank) provides a financial benefit to the City by managing, selling, transferring and disposing of interest in real estate in accordance with Chapter 74, Code of Ordinances of Kansas City, Missouri. The mayor appoints three members of the five member board of commissioners. The complete financial statements may be obtained by writing to the Land Bank of Kansas City, Missouri at 4900 Swope Parkway, 2nd floor Kansas City, Missouri 64130 or by calling 816.513.9003.
13. Kansas City, Missouri Homesteading Authority (Homesteading Authority) provides a financial benefit to the City by acting as a recipient of federal, state, local or private funds and real estate to be used for housing, community development, economic activities and other related activities within Kansas City Missouri. The board of directors shall consist of seven members. Five of the members shall be appointed by the city manager and two shall be appointed by the mayor. The complete financial statements may be obtained by writing to the Kansas City, Missouri Homesteading Authority at 4900 Swope Parkway, 2nd floor Kansas City, Missouri 64130 or by calling 816.513.9003.
14. Metropolitan Ambulance Service Trust (MAST) formerly provided municipal ambulance services. The mayor appoints all seven members of the MAST board of trustees. MAST as a legal trust remains in existence. However, the responsibility for providing ambulance services has been integrated into the KCMO Fire Department. The trust may provide a financial benefit or impose a financial burden upon the City. The complete financial statements may be obtained by writing to the Kansas City, Missouri Fire Department at 6750 Eastwood Trafficway, Kansas City, Missouri 64129 or by calling 816.924.1700.

Basis of Presentation

Government-wide Financial Statements

The government-wide statement of net position and statement of activities report the overall financial activity of the City and its component units, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the City. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the government-wide and business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary and fiduciary—are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund

The general fund is the main operating fund of the City and accounts for all financial transactions not accounted for in other funds. The general operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are financed through revenues received by the general fund.

Capital Improvements Fund

The capital improvements fund is used to account for the financing of capital improvement projects not financed by other funds or by long-term debt. Revenues received by this fund come primarily from a sales tax allocation for capital improvements and from federal and state grants and other contributions.

The City reports the following major enterprise funds:

Water Fund

The water fund accounts for activities of the City's water distribution system. Revenues are derived mainly from water service and installation charges.

Kansas City Airports Fund

The Kansas City airports fund accounts for the operations of the City's two airports: Kansas City International Airport (KCI) and the Charles B. Wheeler Downtown Airport. Revenues are derived principally from hangar and terminal building rental, landing fees and parking.

Sewer Fund

The sewer fund accounts for the activities of the wastewater collection and treatment system. Revenues are derived primarily from sewer users' service charges and fees.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

The City reports the following additional fund types:

Internal Service Fund

This fund accounts for a self-funded healthcare plan for City employees and retirees.

Pension Trust Funds

These funds account for moneys held in trust by the City for pension benefits. The City uses pension trust funds to account for the retirement plans for regular employees, firefighters, police officers and civilian employees of the Police Department.

Private Purpose Trust Funds

These funds account for moneys held in trust by the City, other than those reported in pension trust funds, under which principal and income benefits individuals, private organizations, or other governments. The City uses private purpose trusts to account for funds held for employee memorials, municipal correctional facility inmate canteen operations and various donations provided to the City by citizens and other parties.

Agency Funds

These funds account for moneys held on behalf of others as their agent. The City uses agency funds to account for various special deposits, municipal court appearance bonds, Police Department grants, payroll and insurance benefits, Tax Increment Financing district receipts and other various deposits.

Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, income taxes, sales taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the period for which the levy is intended to finance. For example, the calendar 2015 levy is recognized as revenue for the year ended April 30, 2016. Revenues from assessed taxes, principally income, sales and utility franchise taxes, are recognized in the fiscal year in which the underlying exchange transaction occurs. Revenue from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Significant revenue sources that are susceptible to accrual include property taxes, sales taxes, utility franchise taxes, earnings taxes, interest and certain state and federal grants and entitlements. All other revenue sources, including licenses and permits, fines and forfeitures and miscellaneous revenues, are considered to be measurable and available only when cash is received.

Enterprise fund revenues and expenses are classified as either operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with ongoing operations. Operating revenue includes activities that have characteristics of exchange transactions, including charges for services. Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as grants, subsidies and investment income. Operating expenses include the cost of service, payroll, administrative expenses, contractual services and depreciation. All expenses not meeting the above criteria are classified as nonoperating.

The agency funds are custodial in nature and do not involve measurement of results of operations.

Adoption of New Accounting Pronouncements

Effective May 1, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of the GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB Statement No. 68*. Additional information on the implementation of these statements can be found in Note 10. As a result of implementing GASB Statements No. 68 and 71, the City restated its beginning net position to reflect the impact of implementation as summarized in Note 16.

The net pension liability, pension expenses and related deferred outflows and inflows of resources are allocated to the funds based on each fund's contributions to the pension plans during the annual measurement period. Because the City is treated as a non-employer contributing entity to the Police Retirement System and the Civilian Employees' Retirement System, the City is required to recognize the Police Department's proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources and expense for the pension plans related to the City's Component Unit, The Police Department of Kansas City, MO.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less from date of acquisition.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Investments

All investments are reported at fair value. The fair value of marketable securities is based on quotations that are generally obtained from national securities exchanges. Where marketable securities are not listed on an exchange, quotations are obtained from brokerage firms or national pricing services.

Inventories

Inventories are stated at cost (average or first-in, first-out), which is not in excess of market. Inventories consist primarily of materials and supplies held for consumption. The cost is recorded as an expense at the time individual inventory items are used in the proprietary funds. Governmental funds record an expenditure at the time of the purchase of the inventory item. The balance of inventory items in the governmental funds is not considered significant.

Capital Assets

Capital assets include land, buildings, improvements, equipment and infrastructure assets (roads, bridges, storm sewers and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the City as assets with a cost greater than a certain minimum capitalization threshold and an estimated useful life of more than one year. The minimum capitalization thresholds are \$0 for land, \$5,000 for equipment, vehicles, buildings, infrastructure and monuments, \$25,000 for land improvements and building improvements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The City elected the modified approach for certain infrastructure assets (roadway system, bridges and street lighting) while the remaining infrastructure assets are depreciated.

The modified approach for reporting infrastructure assets takes into consideration the fact that many infrastructure assets may reasonably be expected to continue to function indefinitely if they are adequately preserved and maintained. Therefore, these particular assets would not be depreciated over a useful life. The City has established an asset management system and has committed to maintain the following networks of infrastructure assets at an established condition level as determined by the City's Public Works Department (1) roadway system, (2) bridges and (3) street lighting. The Required Supplementary Information section of this report provides additional information regarding the condition assessments and the estimated and actual costs to maintain these assets.

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities and proprietary funds is included as part of the capitalized value of the assets constructed. Interest capitalized is computed by applying the effective interest rate on the borrowings each year to the average balance of the applicable costs incurred, net of investment income. Interest in the amount of \$8,416,245 was capitalized in 2016.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Property, buildings, equipment and infrastructure are depreciated using the straight-line method over the following estimated lives:

<u>Type of Asset</u>	<u>Years</u>
Buildings and improvements	10 to 100
Improvements other than buildings	10 to 100
Airport runways, aprons and roads	15
Utility lines and improvements	15 to 100
Machinery and equipment	2 to 40
Infrastructure (other than roadways, bridges and street lights)	10 to 30
Temporary right of way	Life of the agreement
Fountains, outdoor sculptures and monuments	40

For retirements of assets using the above unit basis depreciation, the asset cost and related depreciation are removed from the asset and accumulated depreciation accounts. When assets are sold, the difference between the net carrying value and any proceeds is recorded as income or loss.

Water, Sewer and Storm utility plants and utility lines and improvements are depreciated on a composite basis over 15 to 100 years. At the time of retirement, or other disposition of assets for which depreciation is computed on the composite method, the original cost of the asset is removed from the asset and accumulated depreciation accounts and no retirement gain or loss is recorded.

Compensated Absences

City employees are granted vacation and sick leave in varying amounts. Vacation is accumulated at an annual rate of 10 to 23 days, depending on the employee's length of service. Sick leave is accumulated at the rate of 4.4 hours per two-week pay period, with the exception of firefighters, and emergency medical services personnel assigned a 24-hour shift who accumulate 6.0 hours. The maximum amount of vacation that may be carried forward is 2.5 times the amount earned in a year. Sick leave with pay may be accumulated up to a limit of 3,000 hours for regular employees and 4,000 hours for firefighters. Upon separation from service, employees may convert accrued sick leave at the ratio of four hours of sick leave to one hour of vacation leave credit. Retiring employees 55 years or older with at least 25 years of creditable service; employees who are to receive a line-of-duty disability pension; and employees who qualify for a City pension and retire with a normal retirement, take early retirement at age 60 or thereafter, or die are entitled to sick leave credit at the rate of two hours of sick leave to one hour of vacation leave credit.

The liability for compensated absences reported in the government-wide and proprietary fund has been calculated using the vesting method in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported in the statements of net position as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains/losses on refunding bonds are deferred and amortized over the shorter of the new bond's life or the remaining life of the refunded bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Gains/losses on refunding bonds are not broken out separately within the other financing sources/uses section.

Deferred Outflows of Resources & Deferred Inflows of Resources

A deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

Under the modified accrual basis of accounting, revenues and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources. In addition, property tax receivables are reported as a deferred inflow of resources when levied in the fund statements.

Deferred outflows of resources of the City consist of the accumulated decrease in fair value of hedging derivatives, items related to the pensions and a deferred charge on refunding of bonds. Deferred inflows of resources are comprised of deferred gain on refunding of bonds, items related to the pension items and deferred revenue from licenses, permits and franchises where the time period when use is first permitted for revenue recognition has not been met. The deferred inflow from licenses, permits and franchises is due to quarterly business licenses paid in advance by certain utility companies, where the license to operate is issued for a future financial reporting period.

Pension Plans

For the purpose of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the plans and additions/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employer contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See *Note 10* for the retirement plan description.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Fund Balance – Governmental Funds

The fund balances for the City's governmental funds are displayed in five classifications:

Nonspendable - Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

Restricted - Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed - Committed fund balances may be used only for the specific purposes as determined by the City Council of Kansas City, Missouri. The City Council must adopt an ordinance in order to commit a portion of fund balance. Commitments may be changed or removed only by similar action by the City Council.

Assigned - Assigned fund balances are intended to be used by the City for specific purposes as determined by the Manager of Procurement Services, the City Manager and Department Directors, the Board of Parks and Recreation Commissioners and the Director of Finance. The Manager of Procurement Services, the City Manager and Department Directors and the Board of Parks and Recreation Commissioners may establish an assigned fund balance per Section 2-1753, Sections 2-1582 through 2-1595 and Section 1008 respectively of the City's Code of Ordinances by entering into a contract with an outside entity and encumbering the funds needed to fulfill the contract. The Director of the Finance Department may establish an assigned fund balance per Section 2-1954 (f) (1) (b) of the Code of Ordinances by establishing a countercyclical reserve. The countercyclical reserve, when combined with the emergency reserve, shall not be greater than two months of general fund operating expenditures.

In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned - Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City applies committed amounts first, followed by assigned amounts and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

City of Kansas City, Missouri
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The following table lists the amount of each of the fund balance classifications by expenditure function within each fund type (*in thousands*). A narrative description of the specific purposes for each of the fund balance classifications follows the table.

	General Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted				
Workers' compensation self insurance	\$ 800	\$ -	\$ -	\$ 800
Principal and interest	-	-	58,848	58,848
General government	-	-	47,701	47,701
Fire	-	-	3,762	3,762
Public works	-	-	61,697	61,697
Neighborhood development	-	-	16,284	16,284
Culture and recreation	-	-	32,752	32,752
Convention and entertainment	-	-	6,794	6,794
Police	-	-	15,810	15,810
KCATA	-	-	5,105	5,105
Total restricted	800	-	248,753	249,553
Committed				
Stabilization arrangement	42,436	-	-	42,436
General government	212	1,848	-	2,060
Public works	-	11,803	80	11,883
Neighborhood development	258	441	-	699
Culture and recreation	-	4,631	-	4,631
Reappropriations	2,294	30,817	-	33,111
Total committed	45,200	49,540	80	94,820
Assigned				
Countercyclical reserve	14,602	-	-	14,602
General government	2,966	1,634	1,073	5,673
Fire	42	-	-	42
Public works	525	7,785	518	8,828
Neighborhood development	1,336	1,373	1,090	3,799
Health	-	-	343	343
Culture and recreation	31	4,681	3,425	8,137
Convention and entertainment	-	-	1,853	1,853
Residual fund balance	-	16,810	35,148	51,958
Total assigned	19,502	32,283	43,450	95,235
Unassigned				
	-	-	(275)	(275)
Total fund balances	\$ 65,502	\$ 81,823	\$ 292,008	\$ 439,333

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Below is a description of the specific purposes for each of the fund balance classifications.

Restricted

Workers compensation self-insurance – An escrow required by the State of Missouri for local governments who choose to self-insure against worker’s compensation claims.

Principal and interest – Amounts held for the payment of principal and interest on outstanding bonds.

General government – Amounts restricted for various purposes including \$4.7 million for fleet replacement; \$11.1 million for ADA compliance projects; \$1.6 million for Bartle Hall Sky Stations repairs; \$1.5 million for enterprise permitting system; \$9.3 million for police computerized records management system; \$17.5 million for the Two Light project and \$1.4 million for FCC rebanding.

Fire – Amounts used for constructing new or improved facilities and to operate the fire stations, including staffing.

Public works – Amounts are restricted for a variety of reasons including: \$20.1 for preservation and maintenance of the roadway system; \$11.8 million for the operations, maintenance and debt service requirements of a streetcar system; \$2.7 million for Paseo Gateway street improvements; \$4.9 million for Blue River Trails; \$3.0 million for Pleasant Valley Road; \$2.7 million for 22nd Street Corridor; \$2.0 million for Englewood Street upgrades; \$1.8 million for Bartle Hall lighting; \$1.9 million for public parking administration; \$0.6 million for Paseo Bridge; \$0.9 million for I-70 Loop study; \$1.1 million for Front Street and \$0.9 million for a Northwood Street study.

Neighborhood development – Amounts restricted for various purposes including: \$2.1 million for neighborhood tourism funding; \$9.6 million for dangerous building demolition; \$1.5 million for East Village development; \$0.4 million for improvements to the City’s tow lot; \$1.0 for Newbern Apartments; \$0.4 million for domestic violence prevention and shelter and \$1.3 million of federal grants awarded to the City to help prevent homelessness and/or provide shelter.

Culture and recreation – Amounts restricted for various purposes including: \$16.2 million of public donations and gifts to fund projects approved by the Board of Parks and Recreation Commissioners; \$11.0 million for the maintenance and upkeep of the Liberty Memorial Monument and Museum; \$1.1 million for the operations of the KC Museum; \$2.0 million for the Kansas City Urban Youth Academy; and \$2.2 million for renovation of the HVAC systems in various parks buildings.

Convention and entertainment – Amount is restricted for Sprint Center equipment upgrades.

Police – Amounts utilized for new construction and improvements to existing police stations and facilities.

KCATA – Amounts to be remitted to the Kansas City Area Transportation Authority, to provide partial funding for both capital improvements and operations of the metro bus service.

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Committed

Stabilization arrangement – Established by the City Council as an emergency reserve that is equal to one month of general fund operating expenditures. This emergency reserve is available to address unpredicted operational or capital requirements, infrequent events, such as natural disaster or catastrophic change in the City’s financial position, or unexpected revenue reductions and/or expenditure requirements occurring within a fiscal year. Funds may be withdrawn from this emergency reserve when an emergency has been recognized by ordinance prior to fiscal year end, the fund’s budgeted contingency is exhausted, the countercyclical reserve has been exhausted and the withdrawal is needed to prevent the fund from ending the fiscal year with a negative unassigned fund balance.

General government – Amount is committed for economic development including business retention and recruitment.

Public works – Amounts committed for various purposes including: \$2.5 million for Gregory Boulevard; \$0.6 million for the Blue River trails project; \$2.2 million for Blue Parkway bridge improvements; \$0.3 million for Kenneth Road bridge improvements; \$0.2 million for Green Hills Road improvements; \$1.5 million for Route 152 Trail; \$1.0 million for 135th Street; \$1.0 million for 20th Street streetscaping; \$0.5 million for Noland and 350 Highway improvements; \$0.6 million for the Line Creek trail system and \$1.5 million for miscellaneous street preservation and maintenance.

Neighborhood development – Amounts committed for various purposes including: \$0.1 million for tow lot services; \$0.4 million for neighborhood improvements and \$0.1 million for legal aid to neighborhood associations.

Culture and recreation – Amounts committed for various purposes including: \$1.6 million for Independence – Benton Boulevard intersection; \$0.2 million for Shoal Creek Parkway; \$0.1 million for the Paseo Bridge Gateway project; \$0.6 million for emerald ash borer treatment and control and \$2.1 million for the Kansas City Urban Youth Academy.

Reappropriations – Available fiscal year 2016 appropriations (net of uncollected revenue) authorized by City Council ordinance to be re-appropriated to fiscal year 2017. The primary purposes for these re-appropriations are the funding of capital improvement projects, which span more than one fiscal year and federal and state grants where the grant year is different from the City’s fiscal year.

Assigned

Countercyclical reserve – Assigned by the Director of Finance in the maximum amount of one month of general fund operating expenditures for varying purposes including but not limited to: reserves for tax increment financing, debt service stabilization, interest rate risk, capital maintenance, swap termination payments, legal claims and disaster recovery.

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General government – Amounts assigned for a large variety of purposes. The five largest amounts are: \$0.7 million for fire station improvements; \$0.4 million for various Oracle software maintenance contracts; \$0.4 million for a contract to assist with implementing the accounting for the Tax Increment Financing Commission on the City’s financial management system; \$0.3 million for the municipal court assessment triage center and \$0.3 million for the North Patrol Police Station.

Public works – Amounts assigned for various purposes. The ten largest projects are: \$0.6 million for Broadway Boulevard Bridge; \$0.5 million for Ess Road sanitary sewers; \$0.4 million to install ADA sidewalk curbs citywide; \$0.4 million for 51st and Brookside interceptor; \$0.4 million for Prospect Avenue sidewalks; \$0.6 million for Beacon Hill infrastructure; \$0.3 million for Union Hill traffic signals; \$0.3 million for 63rd and Rockhill fiber connections; \$0.2 million for Cleveland Avenue traffic signals and \$0.2 million for Carondelet and Wornall Road improvements.

Neighborhood development – Amounts assigned for various purposes. The five largest projects are: \$2.1 million for 51st and Oak infrastructure; \$1.1 million for city development services; \$0.2 million for Guadalupe Center support; \$0.2 million for the Downtown Community Improvement District and \$0.1 million for Rivermarket Community Improvement District.

Health – Amounts assigned for various Health Department purposes with the largest contract being for less than \$70,000 for epidemiology services.

Culture and recreation – Amounts assigned for various purposes. The ten largest projects are: \$1.9 million aggregate for mowing and landscaping at City parks and other park properties; \$0.6 million for Union Station infrastructure improvements; \$0.6 million for the Blue River trolley connector; \$0.24 million for the Swope Park basketball courts; \$0.3 million for Waterworks Parks improvements; \$0.2 million for emerald ash borer tree treatment; \$0.2 million for various parks maintenance projects; \$0.2 million for Case Dog Park construction; \$0.2 million for Emmanuel Cleaver II Boulevard repairs and \$0.2 million for Sycamore Park playground improvements.

Convention and entertainment – Amounts assigned include: \$1.3 million for Bartle Hall Convention Center’s Exhibit hall; \$0.2 million for fiber optic upgrades at the Convention Center and \$0.2 million for the marketing of convention facilities.

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Residual fund balance – For funds other than the general fund, this amount represents any remaining positive fund balances that have not been restricted, committed or otherwise assigned. This indicates that the residual fund balance in governmental funds other than the general fund is, at a minimum, intended to be used for the purpose of that fund. The following table lists the funds with an assigned residual fund balance (*in thousands*).

Fund Type	Fund Name	Amount
Major Governmental		
	Capital Improvements	\$ 16,810
	Total Capital Improvements fund	\$ 16,810
Nonmajor Special Revenue		
	Parks & Recreation	\$ 12,350
	Performing Arts Center	287
	Development Services	6,529
	Health	4,017
	Convention and Tourism	4,684
	Strategic Neighborhood	-
	Arterial Street Impact Fee	2,883
	Inmate Security	1,195
Nonmajor Capital Project		
	General Obligation Series 2003F	6
	General Obligation Series 2004F	14
	Health Department Building	1,664
	Series 1991 Sewer Special Assessment	6
	Series 1996 Sewer Special Assessment	676
	General Improvements	436
	KCMAC 04A Bartle Hall Expansion	401
	Total Nonmajor Governmental funds	\$ 35,148

Stabilization Arrangement

The City Council per Section 2-1954 (f) (1) (a) of the Code of Ordinances has established a stabilization arrangement (emergency reserve). The emergency reserve portion of committed fund balance shall not be less than one month of general fund operating expenditures. The emergency reserve is available to address one-time operational emergencies, unexpected revenue reductions and/or unanticipated expenditure requirements occurring within a fiscal year. Funds may be withdrawn from this emergency reserve when an emergency has been recognized by ordinance prior to fiscal year end, the fund's budgeted contingency is exhausted, the countercyclical reserve has been exhausted, and the withdrawal is needed to prevent the fund from ending the fiscal year with a negative unassigned fund balance. An ordinance appropriating funds from the emergency reserve shall include language stating the City Council is waiving the fund balance and reserve policy for a use of the emergency reserve.

City of Kansas City, Missouri

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Once the stabilization amount has been fully funded, if it should fall below its floor, the Director of Finance or Budget Officer will prepare and present to the City Council a plan to replenish the stabilization amount. The City Council must approve and adopt a plan within 12 months after the stabilization amount first falls below its floor, which establishes a time frame to restore the reserve to, at minimum, its floor level.

Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

- *Net investment in Capital Assets*—This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- *Restricted-Expendable*—This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is generally the City’s policy to use restricted resources first, then unrestricted resources as they are needed.
- *Unrestricted*—This consists of a net position that does not meet the definition of “restricted-expendable” or “net investment in capital assets.”

Interfund Transactions

Transactions between City funds are accounted for as revenues and expenditures or expenses in the funds involved if they are similar to transactions with organizations external to City government.

Reimbursements for expenditures made on behalf of another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transfers of resources from a fund receiving revenues to a fund through which the revenues are to be expended are separately reported as a transfer in the respective funds’ operating statements.

Special Assessments

The City acts as an agent on certain construction projects financed by third-party lenders and repaid by assessments to property owners benefited. The City reports these arrangements in the agency funds, special revenue funds and enterprise funds as special assessments receivable and deposits.

Contributions and Grants

Governmental-wide Financial Statements—Contributions and grants for both capital and operating purposes are broken out by function under program revenues.

Governmental Funds—Contributions and grants for both capital and operating purposes are included in revenues.

City of Kansas City, Missouri
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Proprietary Funds—Contributions of, or for, capital assets (including those received from other City funds), grants and assistance received from other governmental units for the acquisition of capital assets are reported in changes in net position.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements Not Yet Effective

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application* (GASB Statement No. 72). This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The City will implement GASB Statement No. 72 beginning with the year ending April 30, 2017.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB Statement No. 73). The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees—both active employees and inactive employees—are provided with pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, as amended. This statement will have no impact on the City.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB Statement No. 74). The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Currently, the City does not have an OPEB plan that issues general purpose external financial reports. If applicable, the City will implement GASB Statement No. 74 beginning with the year ending April 30, 2018.

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In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB Statement No. 75). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The City will implement GASB Statement No. 75 beginning with the year ending April 30, 2019.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB Statement No. 76). The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The City will implement GASB Statement No. 76 beginning with the year ending April 30, 2017.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures* (GASB Statement No. 77). Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. Although many governments offer tax abatements and provide information to the public about them, they do not always provide the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future. This Statement requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues. The City will implement GASB Statement No. 77 beginning with the year ending April 30, 2017.

The City has not completed its assessment of the impact of the adoption of these statements.

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Note 2: Deposits and Investments

Primary Government

Deposits

The City maintains a cash and investment pool that is available for use by all funds. The pool is comprised of demand and time deposits, repurchase agreements, and other investments with maturities of less than five years. At April 30, 2016, the carrying amount (book value) of the City's deposits, including the collateralized money market account and certificate of deposit, was approximately \$17,315,000, which was covered by federal depository insurance or by collateral held by the City's agents under joint custody agreements in accordance with the City's administrative code. A difference exists between bank and book balances of approximately \$16,891,000 due to deposits in transit, checks outstanding and other reconciling items.

Investments – Pooled and Non-Pooled

The City is empowered by City Charter to invest in the following types of securities:

1. United States Treasury Securities (Bills, Notes, Bonds and Strips). The City may invest in obligations of the United States government for which the full faith and credit of the United States are pledged for the payment of principal and interest.
2. United States Agency/GSE Securities. The City of Kansas City, Missouri may invest in obligations issued or guaranteed by any agency of the United States Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable market value that are described as follows:
 - a. U.S. Govt. Agency Coupon and Zero Coupon Securities.
 - b. U.S. Govt. Agency Callable Securities. Restricted to securities callable at par only.
 - c. U.S. Govt. Agency Step-Up Securities. The coupon rate is fixed for an initial term. At coupon date, the coupon rate rises to a new, higher fixed interest rate.
 - d. U.S. Govt. Agency Floating Rate Securities. Restricted to coupons with no interim caps that reset at least quarterly and that float off of only one index.
 - e. U.S. Govt. Agency Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than five (5) years when analyzed in a +300 basis point interest rate environment.
3. Repurchase Agreements. The City may invest in contractual agreements between the City and commercial banks or primary government securities dealers. The Bond Market Association's guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions. All repurchase agreement transactions will be either physical delivery or tri-party.

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4. Bankers' Acceptances. The City may invest in bankers' acceptances issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation.
5. Commercial Paper. The City may invest in commercial paper issued by domestic corporations, which has received the highest rating issued by Moody's Investor Services, Inc. or Standard and Poor's Corporation. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars (\$500,000,000) and are not listed on Credit Watch with negative implications by any nationally recognized rating agency at the time of purchase. In addition, the City's portfolio may not contain commercial paper of any one corporation, the total value of which exceeds two percent (2%) of the City's aggregate investment portfolio.
6. Municipal Securities (State and Local Government Obligations). The City may invest in municipal obligations that are issued in either tax-exempt or taxable form. The City's portfolio may not contain municipal obligations of any one issuer, the total value of which exceeds two percent (2%) of the City's aggregate investment portfolio, unless the obligation is pre-refunded or escrowed to maturity with securities guaranteed by the United States Government.
 - a. Any full faith and credit obligations of the State of Missouri rated at least A or A2 by Standard and Poor's or Moody's.
 - b. Any full faith and credit obligations of any city, county or school district in the state of Missouri rated at least AA or Aa2 by Standard and Poor's or Moody's.
 - c. Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least A or A2 by Standard and Poor's or Moody's.
 - d. Any full faith and credit obligation of any state or territory of the United States of America rated at least AA or Aa2 by Standard and Poor's or Moody's.
 - e. Any full faith and credit obligations of any city, county or school district in any state or territory of the United States of America rated at least AAA or Aaa by Standard and Poor's or Moody's.
 - f. Any revenue bonds issued by the Missouri Department of Transportation rated at least AA or Aa2 by Standard and Poor's or Moody's.
 - g. Any municipal obligation that is pre-refunded or escrowed to maturity as to both principal and interest with escrow securities that are fully guaranteed by the United States Government, without regard to rating by Standard and Poor's or Moody's.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the final maturity on any security owned to a maximum of five years. In addition, the City compares the weighted average maturity of its portfolio to the weighted average maturity of the Bank of America Merrill Lynch 1-3 year U.S.

City of Kansas City, Missouri
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Treasury & Agency Index, and relative to the index, may decrease the weighted average maturity of the portfolio during periods of rising interest rates or increase it during periods of declining rates. As of April 30, 2016, the City had the following investments and maturities (amounts are in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)				Weighted Average
		Less Than 1	1 – 2	2 – 3	3 – 5	
Pooled investments						
U.S. Treasury bills	\$ 14,982	\$ 14,982	\$ -	\$ -	\$ -	0.40
U.S. Treasury notes/bonds	220,382	171,304	20,265	28,813	-	0.80
U.S. Agency discounts	44,905	44,905	-	-	-	0.52
U.S. Agencies – noncallable	458,937	130,117	213,397	82,018	33,405	1.55
U.S. Agencies – callable	154,496	45,729	68,275	12,307	28,185	1.80
Total pooled	893,702	407,037	301,937	123,138	61,590	1.34
Non-pooled investments						
U.S. Agency discounts	94,950	94,950	-	-	-	0.17
U.S. Agencies – noncallable	90,367	68,002	5,000	17,365	-	0.95
U.S. Agencies – callable	15,483	5,010	2,987	4,488	2,998	2.09
Total non-pooled	200,800	167,962	7,987	21,853	2,998	0.67
	<u>\$1,094,502</u>	<u>\$ 574,999</u>	<u>\$ 309,924</u>	<u>\$ 144,991</u>	<u>\$ 64,588</u>	<u>1.22</u>

Callable Agency Securities. The City actively monitors its callable bond portfolio with respect to probability of call relative to market rates of interest. As of April 30, 2016, the total fair value of the City's callable bond portfolio (pooled and non-pooled) is \$169,978,994.

Credit Risk

Credit risk is the risk that the City will not recover its investments due to the ability of the counterparty to fulfill its obligation. In order to prevent over concentration by investment type and thereby mitigate credit risk, the City's Investment Policy provides for diversification of the portfolio by investment type as follows:

<u>Investment Type</u>	<u>Maximum</u>
U.S. Treasury Securities and Government Guaranteed Securities	100%
Collateralized Time and Demand Deposits	100%
U.S. Government Agency and GSE Securities	80%
Collateralized Repurchase Agreements	50%
U.S. Agency Callable Securities	30%
Commercial Paper	30%
Bankers Acceptances	30%
Municipal Obligations	30%

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

As of April 30, 2016, the City had the following nongovernmental guaranteed investment balances, which are rated by both Moody's and Standard and Poor's (amounts are in thousands):

	Fair Value	Moody's/ S&P Ratings
U.S. Agency securities	\$ 859,138	Aaa/AA+

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party (*i.e.*, the City's safekeeping institution).

The City's investment policy requires that all funds on deposit with any financial institution be secured with collateral securities in an amount equal to at least 102 percent of the deposit less any amount insured by the Federal Deposit Insurance Corporation (FDIC), or any other governmental agency performing a similar function. As of April 30, 2016, all deposits were adequately and fully collateralized.

The City's investment policy requires that all investment securities be held in the City's name in the City's safekeeping account at its safekeeping institution, thereby mitigating custodial credit risk. As of April 30, 2016, all investment securities were in the City's name in the City's safekeeping accounts at its safekeeping institutions. In addition, all collateral securities were in the City's joint custody account(s) at the Federal Reserve Bank and were either U.S. Treasury (U.S. Government guaranteed) or U.S. Agency (Aaa/AA+ rated) obligations.

Concentration of Credit Risk

More than 5 percent of the City's investments are in the following U.S. Agency discount note/securities: Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association. These investments are 13%, 25%, 11% and 29%, respectively, of the City's total investments. In the City's opinion, the debt securities issued by these agencies do not have an explicit government guarantee, but rather an implied guarantee and, therefore, the City does not impose limits as to the concentration of any one agency. However, total agency securities in the portfolio are limited by the investment policy to 80% of the total portfolio value.

Investments – Trustee-Held

In the normal course of business, the City finances various projects by issuing debt in the form of municipal bonds. Cash raised by the issuance of such debt is placed with a trustee bank. All investment activity within such accounts is governed by the City's Investment Policy, except that excess cash is allowed by the bond indentures to be invested in overnight, U.S. Government and U.S. Agency money market funds.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's trustee-held investments will decrease as a result of an increase in interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the final maturity on any trustee-held security owned to a maximum of five years. In addition, covenants in the bond documents often limit the final maturity of such investments to shorter periods of time. As of April 30, 2016, the City had the following trustee-held investments and maturities (amounts are in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)				Weighted Average
		Less Than 1	1 - 2	2 - 3	3 - 5	
Trustee-held investments						
Money market funds	\$ 176,896	\$ 176,896	\$ -	\$ -	\$ -	0.01
U.S. Treasury notes/bonds	837	335	300	-	202	1.45
Total	\$ 177,733	\$ 177,231	\$ 300	\$ -	\$ 202	0.02

Credit Risk

Credit risk is the risk that the City will not recover its investments due to the ability of the counterparty to fulfill its obligation. In order to mitigate credit risk, the City limits its trustee-held investment activity to overnight money market funds (as described above), U.S. Government securities and U.S. Agency securities.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party (i.e., the Trustee bank). As of April 30, 2016, all trustee-held investment securities were in the City's name in the Trustee bank's safekeeping accounts at the Federal Reserve Bank, thereby mitigating custodial credit risk.

Summary

The following is a complete listing of cash and investments held by the City at April 30, 2016 (*in thousands*):

Deposits	\$ 17,315
Investments	1,094,502
Trustee accounts	177,733
Imprest funds	34
Total	\$ 1,289,584

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

The deposits and investments of the City at April 30, 2016 are reflected in the financial statements as follows (*in thousands*):

	Government- Wide Statement of Net Position	Fiduciary Funds Statement of Net Position (Excluding Pension Trusts)	Total
Cash and short-term investments	\$ 648,255	\$ 7,726	\$ 655,981
Restricted cash and short-term investments	633,603	-	633,603
Total	\$ 1,281,858	\$ 7,726	\$ 1,289,584

Pension Systems

Employees' Retirement System

Deposits and Investments

The City administrative code and ordinances passed by the City Council provide that the Employees' Retirement System (the Plan) investments may include, but are not limited to, obligations of the United States government, State of Missouri, municipal corporations, including school districts, corporate bonds, real estate mortgages and common and preferred stocks, collective trusts and derivatives. The Plan purchases investments from U.S. Securities and Exchange Commission registered securities broker-dealers and banks through its investment managers. Investments in United States Treasury obligations are held at the Federal Reserve Bank through the customer account of a financial institution.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Investment Policy

The asset type and classes, target allocation and ranges that have been approved by the Board are shown below. All percentages are based on market values. The Board has authorized Plan staff, with the guidance from the investment consultant, to rebalance the portfolio in accordance with the strategy guidelines below:

Asset Type and Class	Range	Target
Equities		
Large Cap Equity	13% - 17%	15%
Small Cap Equity	4% - 9%	6.5%
Non-U.S. Equity	5% - 9%	7%
Global Equity	17% - 21%	19%
Emerging Markets Equity	1% - 5%	3%
Opportunistic Equity	10% - 14%	12%
Fixed Income	23% - 30%	26.5%
Alternatives		
Real Assets	7% - 13%	10%
Cash	0% - 5%	1%

Securities Lending Transactions

City ordinances and the Plan’s Board policies permit the Plan to use investments of the Plan to enter into securities lending transactions – loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future.

The Plan has contracted with Northern Trust as its third-party lending agent to lend domestic equity and debt securities for cash collateral of not less than 102% of the market value and international debt and equity securities of not less than 105% of the market value. At April 30, 2016, management believes the Plan has no credit risk exposure to borrowers because the amounts the Plan owes the borrowers exceed the amounts the borrowers owe the Plan. Contracts with the lending agent require it to indemnify the Plan if borrowers fail to return the securities, if the collateral is inadequate to replace the securities lent or if the borrowers fail to pay the Plan for income distributions by the securities’ issuers while the securities are on loan; therefore, non-cash collateral is not recorded as an asset or liability on the financial statements.

	<i>(in thousands)</i>
Market value of securities loaned	\$ 75,250
Market value of cash collateral received from borrowers	\$ 77,356
Market value of non-cash collateral received from borrowers	-
Total market value of collateral	\$ 77,356

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

All securities loans can be terminated on demand by either the Plan or the borrower. The cash collateral received on each security loan was invested in accordance with the Plan investment guidelines, in short-term funds. The maturities of the resulting investments generally match the maturities of the securities lending arrangements themselves. The Plan is not permitted to pledge or sell collateral received unless the borrower defaults.

Investments

At April 30, 2016, the Plan had the following investments and maturities (*in thousands*):

Type	Fair Value	Maturities in Years				Loaned Under Securities Lending Agreements
		Less than 1	1-5	6-10	More than 10	
U.S. Treasuries	\$ 12,256	\$ 6,507	\$ 5,749	\$ -	\$ -	\$ 10,253
U.S. Government-backed mortgages	36,105	-	-	116	35,989	-
Municipal bonds	4,041	1,183	-	-	2,858	-
Asset-backed securities	1,139	-	277	-	862	-
Commercial mortgage-backed securities	175	-	175	-	-	-
Foreign debt obligations	1,011	-	-	224	787	20
Corporate bonds - domestic	31,551	678	5,985	13,171	11,717	2,570
Corporate bonds - foreign	17,614	404	2,647	10,011	4,552	3,002
Money market funds	18,205	18,205	-	-	-	-
Collective trusts - fixed income	158,116	158,116	-	-	-	-
		<u>\$ 185,093</u>	<u>\$ 14,833</u>	<u>\$ 23,522</u>	<u>\$ 56,765</u>	
Domestic preferred stocks	929					-
Domestic common stocks	175,923					58,011
Foreign equities	2,059					1,394
Partnerships	54,077					-
Hedge funds	25,857					-
Collective trusts-equities	442,213					-
Collective trusts-real estate	41,071					-
	<u>\$ 1,022,342</u>					<u>\$ 75,250</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the Plan's securities lending policy, \$75,249,623, was held by the counterparty that was acting as the Plan's agent in securities lending transactions.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Investment Concentrations

The following presents investments that represent 5% or more of the fiduciary net position of the Plan, as of April 30, 2016 (in thousands):

Investment	Fair Value
Investments managed by Northern Trust	\$ 166,044
American Century Global Growth Equity Trust - Tier 2	95,995
Investments managed by JP Morgan	95,254
Investments managed by Blackrock	93,254
Investments managed by GMO	86,814
Mellon EB DV Global Exp Alpha I Fund	63,012

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Plan. The Plan's policy is that fixed income securities must have a minimum investment quality of "B" at the time of purchase. The weighted average credit rating of the portfolio must have a minimum investment quality of "A." As of April 30, 2016, the Plan's fixed income assets that are not government guaranteed represented 82.75% of the fixed income portfolio. The following table summarizes the Plan's fixed income portfolio exposure levels and credit qualities at April 30, 2016.

Average credit quality and exposure levels of nongovernment guaranteed securities (*in thousands*):

Fixed Income Security Type	Fair Value April 30, 2016	Percentage of all Fixed Income Assets	S&P Weighted Average Credit Quality	Ratings Dispersion Requiring Further Exposure
Municipal bonds	\$ 4,041	1.44%	A	See below
Asset-backed securities	1,139	0.41%	AAA	See below
Commercial mortgage-backed securities	175	0.06%	Not rated	See below
Foreign debt obligations	1,011	0.36%	BBB	See below
Corporate bonds - domestic	31,551	11.26%	BBB	See below
Corporate bonds - foreign	17,614	6.29%	BBB	See below
Money market funds	18,205	6.50%	Not rated	None
Collective trusts-fixed income	158,116	56.43%	Not rated	None
Total investments	<u>\$ 231,852</u>	<u>82.75%</u>		

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Each portfolio is managed in accordance with operational guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers and the average credit quality of the overall portfolios.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. The Plan's policy for each specific portfolio limits investments in any corporate entity to no more than 5% of the market value of the account for actively managed portfolios, excluding U.S. Government and agency obligations. As of April 30, 2016, there were no investments in any corporate entity greater than 5%, excluding external investment pools and other pooled investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolio using the effective duration of option-adjusted methodology. The Plan's policy is to manage duration to a maximum 25% of underweighting/overweighting relative to the Barclays Aggregate Bond Index.

Effective duration of fixed income assets by security type at April 30, 2016 (*in thousands*):

Fixed Income Security Type	Fair Value April 30, 2016	Percentage of all Fixed Income Assets	Weighted Average Effective Duration (Years)
U.S. Treasuries	\$ 12,256	4.4%	1.2
U.S. Government backed mortgages	36,105	12.9%	21.1
Municipal bonds	4,041	1.4%	15.7
Asset-backed securities	1,139	0.4%	14.4
Commercial mortgage-backed securities	175	0.1%	1.6
Foreign debt obligations	1,011	0.4%	18.5
Corporate bonds - domestic	31,551	11.3%	11.3
Corporate bonds - foreign	17,614	6.3%	12.4
Money market funds	18,205	6.5%	**
Collective trusts - fixed income	158,116	56.4%	5.2
	<u>\$ 280,213</u>	<u>100.0%</u>	

***The Plan actually owns an interest in the underlying assets of the money market funds and the unit values are based on the fair value of their underlying assets. The money market funds do not have a maturity date, even though their underlying assets do have maturity dates of less than one year.*

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Plan's currency risk exposure, or exchange rate risk, primarily reside within the Plan's foreign debt obligations and foreign equity holdings through the Plan's various asset managers. The Plan's policy for each specific portfolio does not place limits on the amount of foreign exposure that can be held by the individual asset managers.

Annual Money-Weighted Rate of Return

For the year ended April 30, 2016, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was (2.50%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position.

Plan contributions are made and the total pension liability are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to financial statements.

Firefighters' Pension System

Deposits and Investments

The City administrative code and ordinances passed by the City Council provide that Plan investments may include, but are not limited to, obligations of the U.S. government, state of Missouri and municipal corporations, including school districts, corporate bonds, real estate mortgages and common and preferred stocks. The Plan purchases investments from Securities and Exchange Commission registered securities broker dealers and banks through its investment managers. Investments in U.S. Treasury obligations are held at the Federal Reserve Bank through the customer account of a financial institution.

City of Kansas City, Missouri
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Investment Policy

The asset type and classes, target allocation and ranges that have been approved by the Board are shown below. All percentages are based on market values. The Board has authorized Plan staff, with the guidance from the investment consultant, to rebalance the portfolio in accordance with the strategy guidelines below:

Asset Type and Class	Range	Target
Equities		
Large Cap Equity	10% - 20%	15%
Small Cap Equity	5% - 15%	10%
Non-U.S. Equity	10% - 20%	15%
Long/Short Equity	5% - 15%	10%
Global Equity	5% - 15%	10%
Fixed Income	25% - 35%	30%
Real Estate	5% - 15%	10%

Securities Lending Transactions

City ordinances and the Plan’s Board policies permit the Plan to use investments of the Plan to enter into securities lending transactions – loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future.

The Firefighters’ Plan has contracted with Northern Trust as its third-party lending agent to lend domestic equity and debt securities for cash collateral of not less than 102% of the market value and international debt and equity securities of not less than 105% of the market value. At April 30, 2016, management believes the Firefighters’ Plan has no credit risk exposure to borrowers because the amounts the Firefighters’ Plan owes the borrowers exceed the amounts the borrowers owe the Firefighters’ Plan. Contracts with the lending agent require it to indemnify the Firefighters’ Plan if borrowers fail to return the securities, if the collateral is inadequate to replace the securities lent or if the borrowers fail to pay the Plan for income distributions by the securities’ issuers while the securities are on loan; therefore, non-cash collateral is not recorded as an asset or liability on the financial statements.

	<i>(in thousands)</i>
Market value of securities loaned	\$ 30,562
Market value of cash collateral received from borrowers	\$ 31,412
Market value of non-cash collateral received from borrowers	-
Total market value of collateral	\$ 31,412

City of Kansas City, Missouri
Notes to Basic Financial Statements
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All securities loans can be terminated on demand by either the Firefighters' Plan or the borrower. The cash collateral received on each security loan was invested, in accordance with the Firefighters' Plan investment guidelines, in short-term funds. The maturities of the resulting investments generally match the maturities of the securities lending arrangements themselves. The Plan is not permitted to pledge or sell collateral received unless the borrower defaults.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the Plan's securities lending policy, \$30,562,367 was held by the counterparty that was acting as the Plan's agent in securities lending transactions.

Investment Concentrations

The following presents investments that represent 5% or more of the fiduciary net position of the Plan, as of April 30, 2016 (in thousands):

<u>Investment</u>	<u>Fair Value</u>
Pioneer Multi-Sector Fixed Income	\$ 61,660
Franklin Templeton Global Multisectorplus Trust Fund	57,211
Acadian Global Equity Fd	46,146
Rock Creek Georgetown LTD CL	43,703
Northern Trust Collective Funds	38,368
Marathon-London International Fund	37,728
JPMCB Special Situation Property Fund	26,021

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Firefighters' Plan. As of April 30, 2016, the Firefighters' Plan's fixed income assets that are not government guaranteed represented 100% of the fixed income portfolio. The Firefighters' Plan has not established a policy in regard to credit risk. The following table summarizes the Firefighters' Plan's fixed income portfolio exposure levels and credit qualities at April 30, 2016:

Average Credit Quality and Exposure levels of Nongovernment Guaranteed Securities (*in thousands*):

<u>Fixed Income Security Type</u>	<u>Fair Value</u> <u>April 30, 2016</u>	<u>Percentage</u> <u>of all Fixed</u> <u>Income Assets</u>	<u>Weighted</u> <u>Average</u> <u>Credit</u> <u>Quality</u>	<u>Ratings</u> <u>Disposition</u> <u>Further</u> <u>Exposure</u>
Money market funds	\$ 17,452	20%	Not rated	None
Collective trusts - fixed income	71,110	80%	Not rated	None
	<u>\$ 88,562</u>	<u>100%</u>		

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Each portfolio is managed in accordance with operational guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers and the average credit quality of the overall portfolios.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The Firefighters' Plan's policy for each specific portfolio limits investments in any corporate entity to no more than 5% of the market value of the account for actively managed portfolios, excluding U.S. government and agency obligation. As of April 30, 2016, there were no investments in any corporate entity greater than 5%, excluding external investment pools and other pooled investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan has not established a policy with regard to interest rate risk. The Plan actually owns an interest in the underlying assets of the collective trusts and the money market funds and the unit values are based on the fair value of their underlying assets.

Effective duration of fixed income assets by security type at April 30, 2016 (*in thousands*):

Fixed Income Security Type	Fair Value April 30, 2016	Percentage of all Fixed Income Assets	Weighted Average Effective Duration (Years)
Money market funds	\$ 17,452	20%	**
Collective trusts - fixed income	<u>71,110</u>	<u>80%</u>	4.07
	<u>\$ 88,562</u>	<u>100%</u>	

***The Plan actually owns an interest in the underlying assets of the money market funds and the unit values are based on the fair value of their underlying assets. The money market funds do not have a maturity date, even though their underlying assets do have maturity dates of less than one year.*

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Plan's currency risk exposure, or exchange rate risk, primarily reside within the Plan's foreign debt obligations and foreign equity holdings through the Plan's various asset managers. The Plan's policy for each specific portfolio does not place limits on the amount of foreign exposure that can be held by the individual asset managers.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Annual Money-Weighted Rate of Return

For the year ended April 30, 2016, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was (1.50%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Risks and Uncertainties

The Firefighters' Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position.

Plan contributions are made and the total pension liability are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Civilian Employees' Retirement System and Police Retirement System

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The Civilian Employees' Retirement System and Police Retirement System's (the Civilian and Police Plans) deposit policies for custodial credit risk require compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the state of Missouri; bonds of any city, county, school district or special road district of the state of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

The Plans had no bank balances exposed to custodial credit risk at April 30, 2016.

Investments

For the year ended April 30, 2016, Northern Trust was the master custodian for substantially all of the securities of the Plan. The investments held by the Plan are managed by fourteen Board-appointed money managers. Each of the money managers has a different asset allocation based on Board approved policy. The Plan may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities, real estate, partnerships, corporate bonds, commodities and equity securities.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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The asset type and classes, target asset allocation and ranges to be used in the Plans, are shown below. All percentages are based on market values. The Board has authorized Plan Staff, with guidance from the Investment Consultant, to rebalance the portfolio in accordance with the strategy guidelines as of April 30, 2016:

<u>Type and Class</u>	<u>Range</u>	<u>Target</u>
Equities		
Global Equity	30% - 40%	35%
Private Equity	0% - 10%	5%
Fixed Income	25% - 35%	30%
Alternatives		
Real Return	0% - 10%	5%
Real Estate	5% - 15%	10%
Absolute Return	10% - 20%	15%
Cash	0% - 5%	0%

Securities Lending Transactions

State statutes and the Civilian and Police Plans' board policies permit the Civilian and Police Plans to use investments of the Civilian and Police Plans to enter into securities lending transactions—loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future.

The Civilian and Police Plans have contracted with Northern Trust as their third-party lending agent to lend domestic equity and debt securities for cash collateral of not less than 102% of the market value and international debt and equity securities of not less than 105% of the market value. Contracts with the lending agent require it to indemnify the Civilian and Police Plans, if borrowers fail to return the securities, if the collateral is inadequate to replace the securities lent, or if the borrowers fail to pay the Civilian and Police Plans for income distributions by the securities' issuers while the securities are on loan; therefore, noncash collateral is not recorded as an asset or liability on the financial statements.

	<u>Civilian</u>	<u>Police</u>
	<i>(In thousands)</i>	
Market value of securities loaned	\$ 9,536	\$ 51,710
Market value of cash collateral received from borrowers	\$ 9,810	\$ 53,048
Market value of non-cash collateral received from borrowers	-	-
Total market value of collateral	<u>\$ 9,810</u>	<u>\$ 53,048</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
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All securities loans can be terminated on demand by either the Civilian and Police Plans or the borrower. The cash collateral received on each security loan was invested, in accordance with the Civilian and Police Plans investment guidelines, in short-term funds. The maturities of the resulting investments generally match the maturities of the securities lending arrangements themselves. The Civilian and Police Plans are not permitted to pledge or sell collateral received unless the borrower defaults.

Investments

At April 30, 2016, the Civilian and Police Plans had the following investments and maturities (in thousands):

Type	Fair Value	Maturities in Years				Loaned Under Securities Lending Agreements
		Less than 1	1-5	6-10	More than 10	
		\$	\$	\$	\$	
U.S. Treasury obligations	\$ 4,896	\$ -	\$ 762	\$ 1,404	\$ 2,730	\$ 4,183
U.S. agencies obligations	1,349	-	-	1,349	-	-
Corporate bonds and notes	14,731	1,904	4,912	6,127	1,788	2,271
Government mortgage-backed securities	1,312	-	42	-	1,270	-
Government agency fund	10,316	-	10,316	-	-	-
Money market mutual funds	2,135	2,135	-	-	-	-
		\$ 4,039	\$ 16,032	\$ 8,880	\$ 5,788	
Common and preferred stock	6,062					2,849
All country world index fund	17,443					-
Real estate funds	14,763					-
Hedge fund of funds	12,410					-
Partnerships - equity	2,597					-
Partnerships - fixed income	3,817					-
Foreign equities	3,983					233
Equity funds	21,588					-
International small cap equity fund	1,563					-
Emerging market equity fund	3,033					-
	\$ 121,998					\$ 9,536

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Type	Fair Value	Maturities in Years				Loaned Under Securities Lending Agreements
		Less than 1	1-5	6-10	More than 10	
U.S. Treasury obligations	\$ 30,982	\$ -	\$ 6,976	\$ 8,371	\$ 15,635	\$ 26,474
U.S. agencies obligations	5,390	-	-	5,390	-	-
Corporate bonds and notes	87,686	8,287	29,582	38,007	11,810	3,606
Government mortgage-backed securities	9,456	-	325	-	9,131	-
Government agency fund	62,504	-	62,504	-	-	-
Money market mutual funds	20,358	20,358	-	-	-	-
		<u>\$ 28,645</u>	<u>\$ 99,387</u>	<u>\$ 51,768</u>	<u>\$ 36,576</u>	
Common and preferred stocks	65,188					18,155
All country world index fund	106,762					-
Real estate funds	101,955					-
Hedge fund of funds	80,765					-
Partnerships-equity	21,057					-
Partnerships-fixed income	24,680					-
Foreign equities	50,652					3,475
Equity funds	72,693					-
International small cap equity fund	10,243					-
Emerging markets equity funds	19,875					-
	<u>\$ 770,246</u>					<u>\$ 51,710</u>

Interest Rate Risk

The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately. The debt securities are presented in their respective category based on final maturity date. The Civilian and Police Plans' investment policies do not specifically address exposure to fair value losses arising from rising interest rates.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Civilian and Police Plans' policies to limit their investments in corporate bonds to those that are rated BBB or better by credit rating agencies. Core fixed income managers may hold bonds with a rating equal to or above BB. At April 30, 2016, the Civilian and Police Plans' investments in corporate bonds were rated BBB or better by Standard & Poor's. U.S. Treasury obligations were explicitly guaranteed by the U.S. Government. Additionally, the Civilian and Police Plans' investments in U.S. agencies obligations not directly guaranteed by the U.S. Government (including Federal National Mortgage Association, Federal Home Loan Banks and Federal Home Loan Mortgage Corporation) and in government mortgage-backed securities were rated AA+ or better by Standard & Poor's. The Civilian and Police Plans' investments in money market mutual funds were not rated by Standard & Poor's.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

The following table summarizes the Plan's fixed income portfolio exposure level and credit qualities at April 30, 2016 (*in thousands*):

Fixed Income Security Type	Civilian	Police	S&P Weighted Average Credit Quality
U.S. agencies obligations	\$ 1,349	\$ 5,390	AA+
Corporate bonds and notes	14,731	87,686	A
Government mortgage-backed securities	1,312	9,456	AA+
Government agency fund	10,316	62,504	Not rated
Money market mutual funds	2,135	20,358	Not rated
Total investments	<u>\$ 29,843</u>	<u>\$ 185,394</u>	

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Civilian and Police Plans will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. Consistent with the Civilian Employees' Retirement System's securities and lending policy, \$9,536,381 was held by the counterparty that was acting as the system's agent in securities lending transactions. In addition, consistent with the Police Retirement System's securities and lending policy, \$51,710,289 was held by the counterparty that was acting as the system's agent in securities lending transactions.

Concentration of Credit Risk

The Civilian and Police Plans limit the amounts that may be invested in any one security at 5% to 15% of total plan assets.

Investment Concentrations

The following presents investments that represent 5% or more of the Civilian and Police Plans fiduciary net position at April 30, 2016 (*in thousands*):

Investment	Police	Civilian
Northern Trust Collective All Country World Investable		
Market Index Fund - Non Lending	\$ 106,762	\$ 17,443
Grosvenor FOB Fund, L.P.	80,765	12,410
Brandywine Global Opportunity Fixed Income	62,504	10,316
Artisan Global Opportunities Trust Fund	-	9,274
Prudential PRISA II	56,653	7,729
Morgan Stanley - Prime Property Fund, LLC	45,302	7,034

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Foreign Currency Risk

This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Civilian and Police Plans' investment policies permits investments in international equities, American Depository Receipts (ADRs), warrants, rights, 144A securities, convertible bonds and U.S. registered securities whose principal markets are outside of the United States. All foreign equities held are denominated in U.S. dollars.

Annual Money-Weighted Rate of Return

For the year ended April 30, 2016, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was (0.41%) and (0.64%) for the Police and Civilian Plans, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 3: Intergovernmental Receivables

Intergovernmental receivables at April 30, 2016 are as follows (*in thousands*):

	General	Capital Improvements	Nonmajor Funds	Kansas City Airports	Total Inter- Governmental Receivables
Federal government grants and reimbursements for:					
Airport Improvement Programs	\$ -	\$ -	\$ -	\$ 1,056	\$ 1,056
Public Health Preparedness	-	-	53	-	53
Federal Highway Transportation	-	4,214	1,262	-	5,476
HOME Investment Program	-	-	952	-	952
Children with Special Health Care Needs	-	-	13	-	13
Grants to Encourage Arrest Policies & Enforcement of Protection Orders	-	-	22	-	22
Violence Prevention Efforts	-	-	48	-	48
Continuum of Care	-	-	205	-	205
Emergency Shelter Solutions	-	-	39	-	39
Neighborhood Stabilization	-	-	1,037	-	1,037
Byrne Memorial Justice Assistance	-	-	83	-	83
HIV Surveillance and Prevention	-	-	93	-	93
HIV Case Management	-	-	163	-	163
Ryan White Title II	-	-	324	-	324
Housing Opportunities for Persons with AIDS	-	-	260	-	260
Home Visiting Building Blocks	-	-	30	-	30
Community Development Block Grant	-	-	1,065	-	1,065
Brownfields Development	-	-	44	-	44
Lead Poisoning Prevention	-	-	209	-	209
Other	-	-	81	-	81
	<u>-</u>	<u>4,214</u>	<u>5,983</u>	<u>1,056</u>	<u>11,253</u>
State of Missouri grants and reimbursements for:					
Motor Vehicle Fuel Tax	-	-	2,560	-	2,560
	<u>-</u>	<u>-</u>	<u>2,560</u>	<u>-</u>	<u>2,560</u>
Total intergovernmental receivable	<u>\$ -</u>	<u>\$ 4,214</u>	<u>\$ 8,543</u>	<u>\$ 1,056</u>	<u>\$ 13,813</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Note 4: Tax Revenues

Tax revenues of the governmental funds, including interest and penalties, are as follows (*in thousands*):

	General	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds Tax Revenues
Earnings and profit	\$ 220,994	\$ -	\$ 2,830	\$ 223,824
Sales	-	70,637	146,664	217,301
General property	56,626	-	62,175	118,801
Hotel and restaurant	259	-	47,563	47,822
Local option use tax	34,716	-	3,426	38,142
Gaming	13,494	-	-	13,494
Railroad and utility	3,050	-	3,737	6,787
Cigarette	2,585	-	-	2,585
	<u>\$ 331,724</u>	<u>\$ 70,637</u>	<u>\$ 266,395</u>	<u>\$ 668,756</u>

The City's property tax is levied each November 1 on the assessed value as of the prior January 1 for all real and personal property located in the City within the counties of Jackson, Platte, Clay and Cass and is due by December 31. A lien is placed on the personal property effective November 1 and is removed when payment is made. Property taxes are delinquent on January 1 for all properties within Jackson, Platte, Clay and Cass counties.

Assessed values are established by the Jackson, Clay, Platte and Cass County assessors subject to review by the counties' Board of Equalization and State Tax Commission. The City is permitted by state statutes to levy taxes up to \$1.00 per \$100 of assessed valuation for general government purposes other than payment of principal and interest on long-term debt; up to \$0.72 per \$100 of assessed valuation for public health, hospital and recreational grounds; up to \$0.02 per \$100 of assessed valuation for museums; and in unlimited amounts for the payment of principal and interest on long-term debt. Article X, Sections 16 through 24, of the Missouri Constitution, known as the "Hancock Amendment," imposes limits on state and local government taxation and spending. Under the Hancock Amendment, the City may not increase the current levy of any tax, license or fee above its mandated level without the approval of the required majority of the qualified voters of the City voting thereon. Property tax levies per \$100 assessed valuation for the year ended April 30, 2016 follow:

Fund	Levy
General	\$ 0.7103
Health	0.7106
Museum	0.0197
Debt service	<u>0.1400</u>
Total general levy rate	<u>\$ 1.5806</u>

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City of Kansas City, Missouri
Notes to Basic Financial Statements
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Currently, the City collects 2.875 percent of sales tax for the following purposes:

- One percent for capital improvements, authorized through December 31, 2018
- One-half percent for Public Mass Transportation (approximately 7.5% of the one-half percent tax is dedicated for capital improvement of interstate transportation systems), no expiration
- One-quarter percent for the City's fire department to be used for operations and improvements, authorized through December 31, 2036
- One-quarter percent to fund a capital plan for public safety, authorized through June 30, 2026
- Three-eighths percent for the KCATA, authorized through March 31, 2024
- One-half percent for Parks and Recreation, no expiration

The City collects a convention and tourism tax comprised of the following:

- Two percent on food, beverage and liquor sales from restaurants (the restaurant tax). The receipts are restricted to capital expenditures, including debt service requirements for sports, convention, tourism and exhibition facilities including Truman Sports Complex, Barney Allis Plaza, Bartle Hall and the Municipal Auditorium.
- Seven and one-half percent on gross receipts of hotel and motel room sales (the hotel tax)—40% of the gross receipts for the Convention and Visitors Association, 10% for the neighborhood tourism development fund and the remaining 50% for operating costs and capital expenses.

The City collects an earnings and profits tax equal to the following:

- A levy of 1% on earnings of all Kansas City, Missouri residents and all nonresidents working in Kansas City, Missouri
- A levy of 1% on business net profits
- The earnings and profits tax is required to be renewed every five years by public vote of Kansas City residents – the current voter approved authorization expires on December 31, 2021

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Note 5: Interfund Transactions, Receivables, Payables and Transfers

Payments to the general fund by the enterprise funds for certain administrative, information and technology, accounting, legal and other services for the year ended April 30, 2016 are as follows *(in thousands)*:

Fund	Amount
Water	\$ 5,757
Kansas City Airports	3,849
Sewer	5,214
Total	\$ 14,820

Individual interfund receivable and payable balances at April 30, 2016 are as follows *(in thousands)*:

Payables	Receivables						
	Governmental Funds					Fiduciary Funds	
	Major			Nonmajor Governmental Funds	Total		Pension Trust Funds
	Major Governmental Fund— General	Governmental Fund— Capital Improvements					
Major governmental funds							
General fund	\$ -	\$ -	\$ 1,450	\$ 1,450	\$ 2,848	\$ 8,759	
Capital improvements	-	-	-	-	-	4,805	
Nonmajor governmental funds	-	10,785	-	10,785	-	10,160	
Total governmental funds	-	10,785	1,450	12,235	2,848	23,724	
Fiduciary funds - Agency	-	1,628	-	1,628	-	-	
Major enterprise funds							
Water	385	-	-	385	-	-	
Sewer	-	-	-	-	-	-	
Total enterprise funds	385	-	-	385	-	-	
Total	\$ 385	\$ 12,413	\$ 1,450	\$ 14,248	\$ 2,848	\$ 23,724	

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Receivables

Enterprise Funds					Total
Water	Sewer	Airports	Total		
\$ 96	\$ 4	\$ 4,496	\$ 4,596	\$ 17,653	
-	-	-	-	4,805	
-	-	-	-	20,945	
<u>96</u>	<u>4</u>	<u>4,496</u>	<u>4,596</u>	<u>43,403</u>	
-	-	-	-	1,628	
-	-	-	-	385	
<u>230</u>	<u>-</u>	<u>-</u>	<u>230</u>	<u>230</u>	
<u>230</u>	<u>-</u>	<u>-</u>	<u>230</u>	<u>615</u>	
<u>\$ 326</u>	<u>\$ 4</u>	<u>\$ 4,496</u>	<u>\$ 4,826</u>	<u>\$ 45,646</u>	

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

The City initiates interfund receivables and payables for various reasons. The reasons for the major receivables and payables during the current fiscal year are as follows:

General Fund Payable to Nonmajor Governmental Funds

- Amounts due to cover fund deficits in other funds

General Fund Payable to Pension Trust Funds

- Represents contributions due to the pension trust funds

General Fund Payable to Agency Funds

- Amounts due for tax increment financing (TIF) activity. Economic activities taxes are collected by the general fund, but are required to be transferred to the TIF agency fund as reimbursement for eligible project costs incurred on TIF projects

General Fund Payable to Water and Sewer Fund

- Amounts due for reimbursement for various operating costs

General Fund Payable to KC Airports Fund

- Amounts due for principal and interest on interfund borrowing made to repay certain historical TIF liability amounts

Capital Improvement Payable to Agency Funds

- Amounts due for tax increment financing (TIF) activity. Economic activities taxes are collected by the capital improvement fund, but are required to be transferred to the TIF agency fund as reimbursement for eligible project costs incurred on TIF projects

Nonmajor Governmental Funds Payable to the Capital Improvements Fund

- Due to interfund cash borrowing to cover cash deficits

Nonmajor Governmental Funds Payable to Agency Funds

- Amounts due for tax increment financing (TIF) activity. Economic activities taxes are collected by the nonmajor governmental funds, but are required to be transferred to the TIF agency fund as reimbursement for eligible project costs incurred on TIF projects

Fiduciary Funds - Agency Payable to the Capital Improvements Fund

- Due to interfund cash borrowing to cover cash deficits

Water Fund Payable to General Fund

- Amounts due for reimbursement for various operating costs

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Sewer Fund Payable to Water Fund

- Amounts due for reimbursement for various operating costs

Interfund transfers for the year ended April 30, 2016 are as follows (*in thousands*):

Transfers out of	Transfers into			
	Major Governmental Funds			Total Transfers
	General Fund	Capital Improvements Fund	Nonmajor Governmental Funds	
Major governmental funds				
General fund	\$ -	\$ -	\$ 55,114	\$ 55,114
Capital improvements fund	-	-	24,106	24,106
Nonmajor governmental funds	40,079	2,381	50,608	93,068
Total Transfers	<u>\$ 40,079</u>	<u>\$ 2,381</u>	<u>\$ 129,828</u>	<u>\$ 172,288</u>

The City initiates transfers between funds for various reasons. The reasons for the majority of transfers during the current fiscal year are as follows:

General Fund to Nonmajor Governmental Funds

- Transfers for general operating subsidies
- Transfers to eliminate fund deficits
- Transfers to fund debt service payments

Capital Improvements Fund to Nonmajor Governmental Funds

- Transfers to fund youth employment and public art
- Transfers to fund debt service payments

Nonmajor Governmental Funds to General Fund

- Transfers were made from various nonmajor governmental funds to close out project funds or repay prior year interfund transfers to cover fund deficits
- Transfers were made to fund legal settlements

Nonmajor Governmental Funds to Capital Improvements Fund

- Transfers were made from various nonmajor governmental funds to partially fund streetcar debt and streetcar project costs

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Nonmajor Governmental Funds to Nonmajor Governmental Funds

- Transfers were made between various nonmajor governmental funds to fund debt service for certain outstanding bonds and notes, partially fund ambulance service operations and to fund convention and tourism activities

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Note 6: Capital Assets

Capital asset activity for the year ended April 30, 2016 is as follows *(in thousands)*:

	Primary Government - Governmental Activities			Balance April 30, 2016
	Balance April 30, 2015	Additions	Deductions	
Nondepreciable capital assets				
Land and permanent right of way	\$ 354,971	\$ 1,792	\$ (58)	\$ 356,705
Works of art and historical treasures	499	-	(100)	399
Infrastructure	2,340,843	5,411	(47,565)	2,298,689
Construction in progress	157,017	155,970	(109,397)	203,590
Total nondepreciable capital assets	<u>2,853,330</u>	<u>163,173</u>	<u>(157,120)</u>	<u>2,859,383</u>
Depreciable capital assets				
Temporary right of way	633	14	(612)	35
Land improvements	311,915	20,230	(209)	331,936
Buildings and improvements	1,319,062	74,658	(2,174)	1,391,546
Machinery and equipment	237,310	9,371	(7,831)	238,850
Fountains, statues and monuments	124,665	1,183		125,848
Infrastructure	236,915	13,942	(277)	250,580
Total depreciable capital assets	<u>2,230,500</u>	<u>119,398</u>	<u>(11,103)</u>	<u>2,338,795</u>
Less accumulated depreciation				
Temporary right of way	(588)	(39)	612	(15)
Land improvements	(107,570)	(15,644)	199	(123,015)
Buildings and improvements	(405,284)	(36,573)	1,090	(440,767)
Machinery and equipment	(178,160)	(16,021)	7,616	(186,565)
Fountains, statues and monuments	(43,704)	(3,046)	-	(46,750)
Infrastructure	(96,022)	(10,719)	233	(106,508)
Total accumulated depreciation	<u>(831,328)</u>	<u>(82,042)</u>	<u>9,750</u>	<u>(903,620)</u>
Total depreciable capital assets, net	<u>1,399,172</u>	<u>37,356</u>	<u>(1,353)</u>	<u>1,435,175</u>
Total governmental activities capital assets, net	<u>\$ 4,252,502</u>	<u>\$ 200,529</u>	<u>\$ (158,473)</u>	<u>\$ 4,294,558</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Depreciation expense was charged to functions as follows (*in thousands*):

General government	\$	10,658
Public safety (police, fire and municipal courts)		9,752
Public works		23,899
Convention facilities		13,748
Culture and recreation		19,874
Neighborhood development		1,938
Health		890
Unallocated		1,283
Total depreciation expense—governmental activities	\$	82,042

	Primary Government—Business-Type Activities			
	Balance		Balance	
	April 30,	April 30,		April 30,
	2015	Additions	Deductions	2016
Water				
Nondepreciable capital assets				
Land and permanent right of way	\$ 4,089	\$ -	\$ -	\$ 4,089
Construction in progress	81,722	77,142	(73,907)	84,957
Total nondepreciable capital assets	85,811	77,142	(73,907)	89,046
Depreciable capital assets				
Buildings and improvements	171,885	3,950	(2,285)	173,550
Utility lines and improvements	706,387	70,001	(3,151)	773,237
Machinery and equipment	63,040	13,826	(1,546)	75,320
Total depreciable capital assets	941,312	87,777	(6,982)	1,022,107
Less accumulated depreciation				
Buildings and improvements	(79,318)	(2,224)	2,267	(79,275)
Utility lines and improvements	(90,744)	(10,348)	3,169	(97,923)
Machinery and equipment	(28,890)	(4,650)	1,326	(32,214)
Total accumulated depreciation	(198,952)	(17,222)	6,762	(209,412)
Total depreciable capital assets, net	742,360	70,555	(220)	812,695
Total water capital assets	\$ 828,171	\$ 147,697	\$ (74,127)	\$ 901,741

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

	Primary Government—Business-Type Activities			
	Balance April 30, 2015	Additions	Deductions	Balance April 30, 2016
Kansas City Airports				
Nondepreciable capital assets				
Land	\$ 38,213	\$ -	\$ -	\$ 38,213
Construction in progress	16,235	37,024	(40,630)	12,629
Total nondepreciable capital assets	<u>54,448</u>	<u>37,024</u>	<u>(40,630)</u>	<u>50,842</u>
Depreciable capital assets				
Buildings and improvements	674,911	3,959	-	678,870
Airport runways, aprons and roads	617,318	33,152	-	650,470
Machinery and equipment	107,213	4,235	(1,693)	109,755
Total depreciable capital assets	<u>1,399,442</u>	<u>41,346</u>	<u>(1,693)</u>	<u>1,439,095</u>
Less accumulated depreciation				
Buildings and improvements	(346,655)	(23,886)	-	(370,541)
Airport runways, aprons and roads	(436,927)	(26,006)	-	(462,933)
Machinery and equipment	(97,905)	(3,016)	1,693	(99,228)
Total accumulated depreciation	<u>(881,487)</u>	<u>(52,908)</u>	<u>1,693</u>	<u>(932,702)</u>
Total depreciable capital assets, net	<u>517,955</u>	<u>(11,562)</u>	<u>-</u>	<u>506,393</u>
Total Kansas City airports capital assets	<u>\$ 572,403</u>	<u>\$ 25,462</u>	<u>\$ (40,630)</u>	<u>\$ 557,235</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

	Primary Government—Business-Type Activities			
	Balance April 30, 2015	Additions	Deductions	Balance April 30, 2016
Sewer				
Nondepreciable capital assets				
Land and permanent right of way	\$ 12,739	\$ 645	\$ -	\$ 13,384
Construction in progress	53,923	72,281	(35,209)	90,995
Total nondepreciable capital assets	<u>66,662</u>	<u>72,926</u>	<u>(35,209)</u>	<u>104,379</u>
Depreciable capital assets				
Buildings and improvements	339,182	4,664	(2,692)	341,154
Utility lines and improvements	866,486	27,920	(1,485)	892,921
Machinery and equipment	91,473	16,421	(2,474)	105,420
Total depreciable capital assets	<u>1,297,141</u>	<u>49,005</u>	<u>(6,651)</u>	<u>1,339,495</u>
Less accumulated depreciation				
Buildings and improvements	(212,993)	(8,081)	2,692	(218,382)
Utility lines and improvements	(99,168)	(14,110)	1,485	(111,793)
Machinery and equipment	(41,110)	(6,368)	1,458	(46,020)
Total accumulated depreciation	<u>(353,271)</u>	<u>(28,559)</u>	<u>5,635</u>	<u>(376,195)</u>
Total depreciable capital assets, net	<u>943,870</u>	<u>20,446</u>	<u>(1,016)</u>	<u>963,300</u>
Total sewer capital assets	<u>\$ 1,010,532</u>	<u>\$ 93,372</u>	<u>\$ (36,225)</u>	<u>\$ 1,067,679</u>
Total business-type activities capital assets	<u>\$ 2,411,106</u>	<u>\$ 266,531</u>	<u>\$ (150,982)</u>	<u>\$ 2,526,655</u>

Business-type activities depreciation and amortization expense for the year ended April 30, 2016 was as follows:

Water	\$ 17,222
Kansas City Airport	52,936
Sewer	<u>28,559</u>
	<u>\$ 98,717</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Note 7: Long-Term Obligations

The following is a summary of long-term obligations of the City for the year ended April 30, 2016
(in thousands):

	Payable at May 1, 2015 (as restated)⁽¹⁾	Additions	Reductions	Payable at April 30, 2016	Amounts Due Within One Year
Primary government					
Governmental activities					
General obligation bonds	\$ 378,785	\$ 42,195	\$ 74,065	\$ 346,915	\$ 30,660
Bonds - KCMAC	130,811	-	29,340	101,471	-
Implied loans - off market swaps	3,530	-	132	3,398	141
Bonds - PIEA	4,765	-	345	4,420	370
Special obligations	716,257	333,795	252,240	797,812	44,789
MTFC loan	4,247	-	1,361	2,886	1,418
Bonds - IDA	272,295	-	5,135	267,160	6,180
Bonds - LCRA	9,520	-	3,105	6,415	1,975
Notes payable - various	19,463	50,919	5,301	65,081	7,645
Net pension liability	536,688	36,934	4,584	569,038	-
Net other postemployment benefit obligation	54,230	7,010	4,656	56,584	-
Compensated absences	31,409	9,004	4,626	35,787	7,836
Claims payable	52,280	17,463	14,398	55,345	14,567
	<u>2,214,280</u>	<u>497,320</u>	<u>399,288</u>	<u>2,312,312</u>	<u>115,581</u>
Add unamortized premium	31,640	47,716	8,681	70,675	-
Less					
Discount	9,020	425	6,408	3,037	-
	<u>2,236,900</u>	<u>544,611</u>	<u>401,561</u>	<u>2,379,950</u>	<u>115,581</u>
Total governmental activities long-term liabilities	<u>\$ 2,236,900</u>	<u>\$ 544,611</u>	<u>\$ 401,561</u>	<u>\$ 2,379,950</u>	<u>\$ 115,581</u>

⁽¹⁾ The balances at May 1, 2015 were restated to reflect the City's adoption of GASB Statement No. 68.

The general fund and certain special revenue funds have typically been used in prior years to liquidate the compensated absences, pension, claims payable and other postemployment benefit obligation liabilities for the governmental activities.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

	Payable at May 1, 2015 (as restated) ⁽¹⁾	Additions	Reductions	Payable at April 30, 2016	Amounts Due Within One Year
Business-type activities					
Water					
Revenue bonds	\$ 367,410	\$ -	\$ 14,940	\$ 352,470	\$ 16,485
Capital lease	16,544	-	16,544	-	-
Add unamortized premium	23,717	-	1,120	22,597	-
Less					
Discount	381	-	16	365	-
Net pension liability	16,492	-	3,112	13,380	-
Net other postemployment benefit obligation	5,188	669	453	5,404	-
Compensated absences	3,405	893	605	3,693	900
Claims payable	10,471	3,131	2,534	11,068	2,893
	<u>442,846</u>	<u>4,693</u>	<u>39,292</u>	<u>408,247</u>	<u>20,278</u>
Sewer					
Revenue bonds and loans	307,082	183,740	57,578	433,244	21,494
Add unamortized premium	17,568	18,734	1,864	34,438	-
Less					
Discount	567	464	226	805	-
Net pension liability	14,461	-	3,170	11,291	-
Net other postemployment benefit obligation	4,374	578	390	4,562	-
Compensated absences	2,412	699	542	2,569	683
Claims payable	5,572	2,531	2,330	5,773	1,545
	<u>\$ 350,902</u>	<u>\$ 205,818</u>	<u>\$ 65,648</u>	<u>\$ 491,072</u>	<u>\$ 23,722</u>

(1) The balances at May 1, 2015 were restated to reflect the City's adoption of GASB Statement No. 68.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

	Payable at May 1, 2015 (as restated) ⁽¹⁾	Additions	Reductions	Payable at April 30, 2016	Amounts Due Within One Year
Kansas City Airports					
Revenue and PFC bonds	\$ 217,755	\$ -	\$ 22,435	\$ 195,320	\$ 23,530
Add unamortized premium	16,095	-	2,101	13,994	-
Less					
Discount	40	-	7	33	-
Net pension liability	15,398	-	3,165	12,233	-
Net other postemployment benefit obligation	5,017	809	709	5,117	-
Compensated absences	2,570	550	542	2,578	640
Claims payable	2,820	765	690	2,895	779
Other accrued liabilities	1,146	-	312	834	313
	<u>260,761</u>	<u>2,124</u>	<u>29,947</u>	<u>232,938</u>	<u>25,262</u>
Total Kansas City Airports					
Total business-type activities long-term liabilities	<u>1,054,509</u>	<u>212,635</u>	<u>134,887</u>	<u>1,132,257</u>	<u>69,262</u>
Total primary government	<u>\$ 3,291,409</u>	<u>\$ 757,246</u>	<u>\$ 536,448</u>	<u>\$ 3,512,207</u>	<u>\$ 184,843</u>

(1) The balances at May 1, 2015 were restated to reflect the City's adoption of GASB Statement No. 68.

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City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

	Payable at May 1, 2015 (as restated) ⁽¹⁾	Additions	Reductions	Payable at April 30, 2016	Amounts Due Within One Year
Component units					
Tax Increment Financing					
Commission					
Long-term debt	\$ 120,320	\$ 26,625	\$ 41,480	\$ 105,465	\$ 14,430
Premium	326	-	22	304	-
Less					
Discount	282	-	43	239	-
Reimbursable developer project costs	517,294	43,116	55,823	504,587	49,000
Police Department					
Net OPEB obligations	25,455	5,232	1,194	29,493	-
Compensated absences	40,793	16,243	13,005	44,031	8,692
Claims payable	11,207	5,487	4,161	12,533	1,142
Port Authority					
Long-term debt	420	150	16	554	38
Total component units long-term liabilities	<u>\$ 715,533</u>	<u>\$ 96,853</u>	<u>\$ 115,658</u>	<u>\$ 696,728</u>	<u>\$ 73,302</u>

(1) The balances at May 1, 2015 were restated to reflect the Police Department's adoption of GASB Statement No. 68.

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

The annual requirements to retire bonds, notes and leases outstanding at April 30, 2016, including interest payments, are as follows (*in thousands*):

Governmental Activities

Fiscal Year	General Obligation Full Faith & Credit		General Obligation (RZED) Full Faith & Credit		Street Light Full Faith & Credit	
	Principal	Interest	Principal	Interest	Principal	Interest
	2017	\$ 21,965	\$ 13,630	\$ -	\$ 527	\$ 8,660
2018	23,780	12,865	-	527	615	154
2019	25,815	11,880	-	527	645	123
2020	27,570	10,692	-	527	660	104
2021	28,960	9,894	-	527	690	71
2022-2026	146,520	32,367	10,195	1,374	725	36
2027-2031	48,115	5,330	-	-	-	-
2032-2036	1,770	62	-	-	-	-
2037-2041	-	-	-	-	-	-
Total	\$ 324,495	\$ 96,720	\$ 10,195	\$ 4,009	\$ 11,995	\$ 1,075

Fiscal Year	KCMAC		PIEA Bonds		Bonds Payable - LCRA Muehlebach and TIF	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ -	\$ 1,853	\$ 370	\$ 249	\$ 1,975	\$ 257
2018	11,095	1,853	395	228	2,120	178
2019	15,855	1,298	425	207	2,320	92
2020	10,110	506	460	183	-	-
2021	7,033	8,392	485	158	-	-
2022-2026	25,931	41,999	2,285	332	-	-
2027-2031	31,097	80,718	-	-	-	-
2032-2036	350	1,140	-	-	-	-
2037-2041	-	-	-	-	-	-
Total	\$ 101,471	\$ 137,759	\$ 4,420	\$ 1,357	\$ 6,415	\$ 527

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Neighborhood Improvement District Full Faith & Credit		Special Obligations		MTFC Loan		IDA	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 35	\$ 11	\$ 44,789	\$ 31,135	\$ 1,418	\$ 121	\$ 6,180	\$ 13,443
35	9	44,904	33,759	1,468	62	7,900	13,149
40	7	46,108	32,809	-	-	10,480	12,726
40	6	43,673	31,560	-	-	15,255	12,131
40	4	47,000	30,257	-	-	15,485	11,358
40	2	182,003	136,591	-	-	80,380	44,976
-	-	123,455	100,096	-	-	109,140	21,308
-	-	185,525	40,087	-	-	22,340	1,238
-	-	80,355	9,265	-	-	-	-
<u>\$ 230</u>	<u>\$ 39</u>	<u>\$ 797,812</u>	<u>\$ 445,559</u>	<u>\$ 2,886</u>	<u>\$ 183</u>	<u>\$ 267,160</u>	<u>\$ 130,329</u>

Other Notes and Lease Purchases		Implied Notes		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 7,645	\$ 1,478	\$ 141	\$ 217	\$ 93,178	\$ 63,508
7,091	1,323	151	207	99,554	64,314
7,282	1,176	161	197	109,131	61,042
7,546	1,027	175	189	105,489	56,925
7,345	861	184	174	107,222	61,696
28,172	2,023	1,031	669	477,282	260,369
-	-	1,045	343	312,852	207,795
-	-	510	39	210,495	42,566
-	-	-	-	80,355	9,265
<u>\$ 65,081</u>	<u>\$ 7,888</u>	<u>\$ 3,398</u>	<u>\$ 2,035</u>	<u>\$ 1,595,558</u>	<u>\$ 827,480</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Business-type Activities and Component Units

Fiscal Year	Water		Sewer		Storm Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 16,485	\$ 14,877	\$ 21,090	\$ 17,040	\$ 404	\$ 41
2018	17,180	14,180	19,550	17,035	410	34
2019	17,895	13,462	20,105	16,393	416	28
2020	18,610	12,724	20,006	15,654	423	21
2021	19,340	11,948	20,317	14,785	429	14
2022-2026	88,345	47,258	92,430	62,067	439	12
2027-2031	72,580	29,561	96,378	41,753	47	1
2032-2036	67,165	14,411	95,690	19,852	-	-
2037-2041	34,870	2,708	45,110	3,823	-	-
Total	<u>\$ 352,470</u>	<u>\$ 161,129</u>	<u>\$ 430,676</u>	<u>\$ 208,402</u>	<u>\$ 2,568</u>	<u>\$ 151</u>

Fiscal Year	TIF		Port Authority		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 14,430	\$ 6,260	\$ 38	\$ 22	\$ 14,468	\$ 6,282
2018	10,135	4,632	407	6	10,542	4,638
2019	10,905	4,014	21	3	10,926	4,017
2020	9,280	3,349	21	2	9,301	3,351
2021	13,965	2,712	21	1	13,986	2,713
2022-2026	28,695	7,564	46	3	28,741	7,567
2027-2031	18,055	1,733	-	-	18,055	1,733
2032-2036	-	-	-	-	-	-
Total	<u>\$ 105,465</u>	<u>\$ 30,264</u>	<u>\$ 554</u>	<u>\$ 37</u>	<u>\$ 106,019</u>	<u>\$ 30,301</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Airport		Total Business-Type Activities	
Principal	Interest	Principal	Interest
\$ 23,530	\$ 9,315	\$ 61,509	\$ 41,273
24,740	8,105	61,880	39,354
25,995	6,830	64,411	36,713
27,330	5,488	66,369	33,887
16,655	4,376	56,742	31,123
65,310	11,866	246,523	121,203
11,760	626	180,765	71,941
-	-	162,855	34,263
-	-	79,980	6,531
<u>\$ 195,320</u>	<u>\$ 46,606</u>	<u>\$ 981,034</u>	<u>\$ 416,288</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Bonds, Notes and Lease Purchase payables at April 30, 2016, are comprised of the following issues:

Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
General Obligation				
Kansas City Zoo/Liberty Memorial/Other Cap Imp, Series 2007A	February 1, 2027	4.00% - 5.00%	The bonds maturing on and after 2/1/18 are subject to the following optional redemptions: 2/1/17 and thereafter – 100%, as a whole or in part at any time.	\$ 16,280,000
Kansas City Capital Impr/Zoo 2008A	February 1, 2028	3.00% - 5.00%	The bonds maturing on and after 2/1/19 are subject to the following optional redemptions: 2/1/18 and thereafter – 100%, as a whole or in part, at any time.	37,175,000
Kansas City Capital Improvement/ Refunding 2010A	February 1, 2022	2.00% - 5.00%	The bonds maturing on and after 2/1/21 are subject to the following optional redemptions: 2/1/20 and thereafter – 100%, as a whole or in part, at any time.	11,395,000
Kansas City Capital Improvement / Refunding 2011A	February 1, 2031	2.50% - 5.00%	The bonds maturing on and after 2/1/22 are subject to the following optional redemptions: 2/1/21 and thereafter – 100%, as a whole or in part, at any time.	38,875,000
Kansas City Capital Improvement/ Refunding 2012A	February 1, 2032	2.00% - 5.00%	The bonds maturing on and after 2/1/23 are subject to the following optional redemptions: 2/1/22 and thereafter – 100%, as a whole or in part, at any time.	178,575,000
Kansas City Capital Refunding 2015A	February 1, 2027	5.00%	The bonds maturing on and after 2/1/25 are subject to the following optional redemptions: 2/1/24 and thereafter – 100%, as a whole or in part, at any time.	42,195,000
Total General Obligation Bonds Outstanding				<u>\$ 324,495,000</u>
General Obligation				
Kansas City RZED Series 2010B	February 1, 2025	4.90% - 5.35%	The bonds, at the option of the City, in whole or in part, on any date upon the occurrence of an Extraordinary Event equal to the greater of the principal amount to be redeemed or the sum of the present values of the remaining scheduled debt service payments. The bonds maturing on and after 2/1/21 are subject to the following optional redemptions: 2/1/20 and thereafter – 100%, as a whole or in part, at any time.	\$ 10,195,000
Total General Obligation RZED Bonds Outstanding				<u>\$ 10,195,000</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
Streetlight Project, Series 2007A	February 1, 2017	4.00% - 5.00%	Optional redemption is not applicable to the streetlight refunding portion of Series 2007A. The streetlight refunding portion matures on 2/1/2017.	\$ 8,070,000
Streetlight Project, Series 2011A	February 1, 2022	2.50% - 5.00%	The bonds maturing on and after 2/1/22 are subject to the following optional redemptions: 2/1/21 and thereafter – 100%, as a whole or in part, at any time.	3,925,000
Total General Obligation Streetlight Bonds				\$ <u>11,995,000</u>
General Obligation Bonds NID General Obligation Bonds NID Series 2011A	February 1, 2022	2.50% - 5.00%	The bonds maturing on and after 2/1/22 are subject to the following optional redemptions: 2/1/21 and thereafter – 100%, as a whole or in part, at any time.	\$ 230,000
Total General Obligation NID Bonds Outstanding				\$ <u>230,000</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
KCMAC Bonds Bartle, Series 2004B-1 (CABS)	April 15, 2032	4.82% - 5.34% (CAB's yield)	Capital Appreciation Bonds (CABS) are not subject to optional call.	\$ 64,411,041
KCMAC Bonds Municipal Auditorium Parking Garage/ Music Hall and Bartle Hall, Series 2006A	April 15, 2020	4.25% -5.00%	Bonds maturing in the years 2017, 2021 through 2026, inclusive, and \$6,500,000 in aggregate principal amount maturing in the year 2020 are subject to optional redemption on and after 4/15/16, in whole or in part at any time at a price equal to 100%. (Partially Refunded in April 2016.)	37,060,000
Total KCMAC Bonds Outstanding				<u>\$ 101,471,041</u>
Other Notes Payable (Lease Purchase)				
Other Notes Payable	Various	Various	Subject to prepayment.	\$ 62,596,139
				<u>\$ 62,596,139</u>
Loan				
MTFC Loan	November 19, 2017	4.20%	Subject to prepayment.	\$ 2,885,944
Total MTFC Loan				<u>\$ 2,885,944</u>
Loan				
Implied Loan				\$ 2,862,127
Bartle Hall Swap 2008E	April 15, 2034	6.43%	Not Applicable	
Implied Loan	April 15, 2025	6.99%	Not Applicable	535,674
Bartle Hall Swap 2008F				
Total Implied Loans				<u>\$ 3,397,801</u>
PIEA Bonds Taxable Lease Revenue (300 Wyandotte) Series 2005	January 1, 2025	4.90% - 5.70%	Bonds maturing in the year 2017 and thereafter are subject to the following optional redemptions: 1/1/16 and thereafter – 100%; as a whole or in part at any time.	\$ 4,420,000
Total PIEA Bonds Outstanding				<u>\$ 4,420,000</u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
Special Obligation Bonds				
KCMO Special Obligation, Series 2008D Downtown Arena Project	April 1, 2040	6.43% - 7.83%	The Series 2008D bonds are subject to optional redemption and payment at any time, at the option of the City, as a whole or in part at a redemption price equal to the greater of (i) 100% of the principal amount thereof or (ii) the discounted value thereof, together, in either case, with accrued interest to the redemption date.	\$ 14,670,000
KCMO Special Obligation, Series 2008E Bartle Hall Convention Center Project	April 15, 2034	Variable Rate Bonds - Series 2008E initially bear interest in the weekly interest rate period	The Series 2008E bonds bearing interest at a weekly interest rate are subject to optional redemption by the City, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date.	81,400,000
KCMO Special Obligation, Series 2008F Bartle Hall Convention Center Project	April 15, 2025	Variable Rate Bonds - Series 2008F initially bear interest in the weekly interest rate period	The Series 2008F bonds bearing interest at a weekly interest rate are subject to optional redemption by the City, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date.	20,865,000
KCMO Special Obligation Series 2009A 909 Walnut Parking Facility Project	February 1, 2024	Variable Rate Bonds - Series 2009A initially bear interest in the weekly interest rate period	The Series 2009A bonds bearing interest at a weekly interest rate are subject to optional redemption by the City, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date.	5,270,000
KCMO Special Obligation Series 2009B President Hotel Project	March 1, 2028	Variable Rate Bonds - Series 2009B initially bear interest in the weekly interest rate period	The Series 2009B bonds bearing interest at a weekly interest rate are subject to optional redemption by the City, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date.	13,715,000

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
KCMO Special Obligation Series 2009C Chouteau I-35 Project	March 1, 2024	Variable Rate Bonds - Series 2009C initially bear interest in the weekly interest rate period	The Series 2009C bonds bearing interest at a weekly interest rate are subject to optional redemption by the City, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date.	\$ 4,230,000
KCMO Special Obligation Series 2009D Chouteau I-35 Project	March 1, 2023	Variable Rate Bonds - Series 2009D initially bear interest in the weekly interest rate period	The Series 2009D bonds bearing interest at a weekly interest rate are subject to optional redemption by the City, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date.	3,475,000
KCMO Special Obligation Series 2009E Performing Arts Center Garage	February 1, 2029	3.10% - 6.98%	Not subject to optional redemption.	47,522,037
KCMO Special Obligation Series 2010A East Village Project	April 15, 2031	2.00% - 5.00%	Bonds maturing in year 2021 and thereafter are subject to redemption in whole or in part, on any day on and after April 15, 2020 at 100% of the principal amount thereof, plus interest accrued to the redemption date.	4,510,000
KCMO Special Obligation Series 2010B Various Refunding	January 1, 2021	3.00% - 4.125%	Bonds maturing in year 2021 and thereafter are subject to redemption in whole or in part, on any day on and after January 1, 2020 at 100% of the principal amount thereof, plus interest accrued to the redemption date.	9,030,000
KCMO Special Obligation Series 2010C Muehlebach DSR and Refunding Bonds	April 1, 2019	1.427% - 5.511%	Except for Extraordinary Optional Redemption, the bonds are not subject to redemption prior to maturity.	4,300,000
KCMO Special Obligation Series 2012A Various Capital Projects	March 1, 2032	2.00% - 5.00%	Bonds maturing on March 1, 2023 and thereafter are subject to redemption in whole or in part at any time on and after March 1, 2022 at 100% of the principal amount thereof, plus interest accrued to the redemption date.	15,985,000
KCMO Special Obligation Series 2012B Various Capital Project and Refunding	March 1, 2032	1.46% - 5.25%	Bonds maturing on March 1, 2023 and thereafter are subject to redemption in whole or in part, at any time on and after March 1, 2022 at 100% of the principal amount thereof, plus interest accrued to the redemption date.	50,460,000
KCMO Special Obligation Series 2013B Various Capital Project and Refunding	August 1, 2033	2.00% - 5.00%	Bonds maturing on August 1, 2023 and thereafter are subject to redemption in whole or in part, at any time on and after August 1, 2022 at 100% of the principal amount thereof, plus interest accrued to the redemption date.	40,070,000

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
KCMO Special Obligation Series 2013C Various Capital Project and Refunding	August 1, 2033	0.75% - 6.00%	Bonds maturing on August 1, 2023 and thereafter are subject to redemption in whole or in part, at any time on and after August 1, 2022 at 100% of the principal amount thereof, plus interest accrued to the redemption date.	\$ 16,190,000
KCMO Special Obligation Series 2014A Streetcar Project	September 1, 2037	2.00% - 5.00%	Bonds maturing on September 1, 2020 and thereafter are subject to redemption in whole or in part, at any time on and after September 1, 2019 at 100% of the principal amount thereof, plus interest accrued to the redemption date.	60,845,000
KCMO Special Obligation Series 2014B Various Capital Project	September 1, 2028	2.00% - 5.00%	Bonds maturing on September 1, 2024 and thereafter are subject to redemption in whole or in part, at any time on and after September 1, 2023 at 100% of the principal amount thereof, plus interest accrued to the redemption date.	13,660,000
KCMO Special Obligation Series 2014C Refunding	September 1, 2039	4.00% - 5.00%	Bonds maturing on and after September 1, 2023 are subject to redemption in whole or in part, at any time at 100% of the principal amount thereof, plus interest accrued to the redemption date.	32,775,000
KCMO Special Obligation Series 2014D Streetcar Expansion and Other Capital Projects	June 1, 2017 (Put Date)	1.208%	Bonds shall be subject to optional redemption, in whole or in part on any date at the redemption price of outstanding principal plus accrued interest, subject to Break Funding payment if prepaid within first year of issuance.	6,244,677
KCMO Special Obligation Series 2015A Various Capital Project and KCMAC Refunding	April 15, 2026	1.95%	No optional redemption.	18,800,000

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
KCMO Special Obligation Series 2016A Various Capital Project	October 1, 2035	3.00% - 5.00%	Bonds maturing on October 1, 2026 and thereafter are subject to redemption in whole or in part, at any time on and after October 1, 2025 at 100% of the principal amount thereof, plus interest accrued to the redemption date.	\$ 60,590,000
KCMO Special Obligation Series 2016B Taxable Various Capital Projects	October 1, 2035	0.82% - 3.94%	Bonds maturing on October 1, 2026 and thereafter are subject to redemption in whole or in part, at any time on and after October 1, 2025 at 100% of the principal amount thereof, plus interest accrued to the redemption date.	33,520,000
KCMO Special Obligation Series 2016C Refunding KCMAC 2006A and Special Obligation 2008A	October 1, 2027	3.00% - 5.00%	Bonds maturing on October 1, 2026 and thereafter are subject to redemption in whole or in part, at any time on and after October 1, 2025 at 100% of the principal amount thereof, plus interest accrued to the redemption date.	31,125,000
KCMO Special Obligation Series 2016D Refunding Special Obligation 2008B	April 15, 2031	3.00% - 5.00%	Bonds maturing on April 15, 2026 and thereafter are subject to redemption in whole or in part, at any time on and after April 15, 2025 at 100% of the principal amount thereof, plus interest accrued to the redemption date.	25,650,000
KCMO Special Obligation Series 2016E Refunding Special Obligation 2008C and Capital Projects	April 1, 2040	3.125% - 5.00%	Bonds maturing on April 1, 2026 and thereafter are subject to redemption in whole or in part, at any time on and after April 1, 2025 at 100% of the principal amount thereof, plus interest accrued to the redemption date.	182,910,000
Total Special Obligation Bonds				\$ 797,811,714

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
LCRA Bonds				
LCRA Refunding Bonds Series 2005E - Muehlebach Refunding Parking Garage	December 1, 2018	3.50% - 5.00%	Bonds maturing in the year 2016 and thereafter are subject to the following optional redemptions: 12/1/15 and thereafter – 100%; as a whole or in part at any time.	\$ 6,415,000
Total LCRA				<u>\$ 6,415,000</u>
Industrial Development Authority (IDA) Bonds				
IDA Bonds KC Live Project, Series 2005A	December 1, 2032	4.00% - 5.50%	Following the fixed rate conversion date, the Series 2005A bonds maturing on or after December 1, 2018 are subject to redemption and payment prior to maturity, at the option of Authority, which at the written direction from the City, in whole or in part at any time, on and after December 1, 2017 at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date thereof.	\$ 96,885,000
IDA Bonds Uptown/Midtown Refunding Series 2007A	April 1, 2022	4.00% - 5.00%	Bonds maturing in the year 2018 and thereafter are subject to the following optional redemptions: 4/1/17 and thereafter – 100%; as a whole or in part at any time.	21,045,000
IDA Bonds KC Live Project Refunding Series 2011A	September 1, 2032	2.00% - 5.50%	Bonds maturing in 9/1/22 and thereafter are subject to the following optional redemptions 9/1/21 and thereafter – 100%; from time to time as a whole or in part.	149,230,000
Total IDA Bonds				<u>\$ 267,160,000</u>
Notes HUD				
HUD - 108 18th and Vine	August 1, 2022	1.00%	Term is \$355,000 annual principal payment.	\$ 2,485,000
Total HUD 108 Notes Outstanding				<u>\$ 2,485,000</u>
Water Revenue Bonds				
Revenue Bonds, Water Subordinate Series 2008A	December 1, 2027	4.66%	Bonds may be called for redemption and payment prior to their stated maturity on June 1, 2018 and, thereafter 100% of the principal amount as a whole or in part at any time in such amounts for each stated maturity.	\$ 25,520,000
Revenue Bonds, Water Refunding and Improvement Revenue Bonds Series 2009A	December 1, 2032	2.00% - 5.25%	Bonds maturing on and after December 1, 2019 are subject to redemption prior to maturity, at the option of the City, in whole or in part at any time on or after December 1, 2018 at the principal amount thereof, together with accrued interest thereon to date of redemption at a price equal to 100%.	118,525,000
Revenue Bonds, Water Improvement Revenue Bonds Series 2012A	December 1, 2036	1.00% - 5.00%	Bonds maturing on and after December 1, 2022 are subject to redemption prior to maturity, at the option of the City, in whole or in part at any time on or after December 1, 2021, at the principal amount thereof, together with accrued interest thereon to date of redemption at a redemption price equal to 100%.	42,100,000

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Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
Revenue Bonds Water Improvement Revenue Bonds Series 2013A	December 1, 2037	2.00% - 4.00%	Bonds maturing on and after December 1, 2022 are subject to redemption prior to maturity, at the option of the City, in whole or in part at any time on or after December 1, 2021, at the principal amount thereof, together with accrued interest thereon to date of redemption at a redemption price equal to 100%.	\$ 53,350,000
Revenue Bonds Water Improvement Revenue Bonds Series 2014A	December 1, 2038	2.00% - 5.00%	Bonds maturing on and after December 1, 2024 are subject to redemption prior to maturity, at the option of the City, in whole or in part at any time on or after December 1, 2023, at the principal amount thereof, together with accrued interest thereon to date of redemption at a redemption price equal to 100%.	53,185,000
Revenue Bonds Water Improvement Revenue Bonds Series 2015A	December 1, 2039	3.25% - 5.00%	Bonds maturing on and after December 1, 2025 are subject to redemption prior to maturity, at the option of the City, in whole or in part at any time on or after December 1, 2024, at the principal amount thereof, together with accrued interest thereon to date of redemption at a redemption price equal to 100%.	59,790,000
Total Water Revenue Bonds and Leases				\$ 352,470,000
Sewer Revenue Bonds				
Revenue Bonds Sewer, Series 1997A, (State Revolving Fund)	January 1, 2017	3.95% - 5.75%	Original optional redemption was as follows: Bonds maturing on and after 1/1/08 may be called for redemption in whole or in part on any date with the consent of bond owner or on each interest payment date commencing 1/1/07 at 100% on and after 1/1/09. This optional redemption was amended by ordinance No. 010579 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period.	\$ 1,365,000

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Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
Revenue Bonds Sewer, Series 1998A, (State Revolving Fund)	January 1, 2019	3.90% - 5.25%	Bonds maturing on and after 1/1/09 are subject to redemptions in whole or in part on any date with the consent of the bondholder or on each June 1 and December 1 commencing 6/1/08 at the following redemption prices: 6/1/08 - 5/31/09 - 101%; 6/1/09 - 5/31/10 - 100.5%; 6/1/10 and thereafter - 100%.	\$ 1,990,000
Revenue Bonds Sewer, Series 1999A, (State Revolving Fund)	January 1, 2020	3.625% - 5.25%	Original optional redemption was as follows: Bonds maturing on and after 1/1/10 may be called for redemption in whole or in part on any date with the consent of the bond owner or on each June 1 and December 1 commencing 6/1/09 following redemption dates and prices: 6/1/09 to 5/31/10 - 101% 6/1/10 to 5/31/11 - 100.5% 6/1/11 and thereafter- 100% This optional redemption was amended by ordinance No. 040140 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period.	1,660,000
Revenue Bonds Sewer, Series 2000A, (State Revolving Fund)	July 1, 2020	4.60% - 5.75%	Original optional redemption was as follows: Series 2000A maturing on 7/1/11 may be called for redemption and payment prior to maturity in whole or in part on any date with the consent of the bond owner or each June 1 and December 1, commencing 6/1/10 at the redemption price of 100%. This optional redemption was amended by ordinance No. 040140 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period.	3,775,000
Revenue Bonds Sewer, Series 2000B, (State Revolving Fund)	July 1, 2020	4.25% - 5.625%	Original optional redemption was as follows: Series 2000B maturing 7/1/13 may be called for redemption and payment prior to maturity in whole or in part on any date on and after 9/1/10 with the consent of the bond owner or on each June 1 and December 1, commencing 12/1/10 at the redemption price of 100%. This optional redemption was amended by ordinance No. 040140 wherein the City irrevocably and unconditionally waives its right to optionally redeem certain bond maturities covered during the redemption period.	3,405,000

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Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
Revenue Bonds Sewer, Series 2001B, (State Revolving Fund)	July 1, 2022	3.00% - 5.375%	Bonds maturing on 7/1/22 may be called for redemption and payment prior to maturity as a whole or in part on any date on and after 6/1/11 with the consent of bond owner or on each June 1 and December 1 commencing 6/1/11 without premium.	\$ 6,895,000
Revenue Bonds Sewer, Series 2002J	July 1, 2022	2.00% - 5.50%	The bonds maturing on 7/1/13 and thereafter may be called for redemption and payment prior to maturity as a whole or in part on any date with the consent of bondholder or on each June 1 and December 1, commencing 12/1/12 without premium.	4,110,000
Revenue Bonds Sewer, Series 2004H	January 1, 2025	3.00% - 5.25%	Bonds maturing on 1/1/15 and thereafter, except as provided below, may be called for redemption prior to maturity in whole or in part on any date with the consent of the bond owner or on each June 1 and December 1, commencing 12/1/13 at the redemption price of 100%. Bonds maturing on 1/19, 1/20 and 1/21 are not subject to redemption.	5,300,000
Revenue Bonds Sewer Series 2009A	January 1, 2034	2.50% - 5.25%	Bonds maturing on and after 1/1/20 are subject to the following optional redemption: 1/1/19 and thereafter - 100%, as a whole or in part at any time.	57,615,000
Revenue Bonds Sewer Series 2009B	January 1, 2030	1.48%	At the option of the City, with the prior written consent of the owner of the bonds may be called for redemption and payment prior to stated maturity in whole or in part at any time, at the redemption price of 100%.	10,726,000
Revenue Bonds Sewer Series 2011A	January 1, 2037	2.00% - 5.00%	Bonds maturing on and after 1/1/22 are subject to the following optional redemption: 1/1/21 and thereafter - 100%, as a whole or in part at any time.	78,865,000
Revenue Bonds Sewer Series 2012A	January 1, 2037	2.00% - 5.00%	Bonds maturing on and after 1/1/23 are subject to the following optional redemption: 1/1/22 and thereafter - 100%, as a whole or in part at any time.	71,230,000
Revenue Bonds, Sewer Series 2016A	January 1, 2040	2.00% - 5.00%	Bonds maturing on and after 1/1/26 are subject to the following optional redemption: 1/1/25 and thereafter - 100%, as a whole or in part at any time.	183,740,000
				\$ 430,676,000
Total Sewer Revenue Bonds				

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Description	Date of Maturity	Range of Interest Rates	Optional Redemption Dates/ Redemption Price	Outstanding Balance
Storm Water Loan				
Storm Water Loan, Series 2000	December 1, 2020	1.70%	Subject to prepayment.	\$ 359,200
Storm Water Loan, Series 2001 & 2002	December 1, 2021	1.60%	Subject to prepayment	1,946,000
Storm Water Loan, Series 2007	June 1, 2027	1.40%	Subject to prepayment	263,000
Total Storm Water Loans Outstanding				<u>\$ 2,568,200</u>
Airport Revenue Bonds Subordinated Taxable Imp CFC Series 2005C	September 1, 2020	5.00% - 5.25%	Bonds maturing on 9/1/16 and after are subject to the following optional redemptions: 9/1/15 and thereafter - 100%, as a whole or in part, on any interest payment date.	24,750,000
Airport Revenue Bonds Gen Imp Refunding, Series 2013A	September 1, 2027	2.00% - 5.25%	Bonds maturing on and after 9/1/22 may be called for redemption in whole or in part at any time on and after September 1, 2021 equal to 100% of the principal amount, plus accrued interest thereon to the redemption date.	127,875,000
Airport Revenue Bonds Imp Refunding, Series 2013B	September 1, 2019	4.00% - 5.00%	The Series 2013B are not subject to redemption prior to maturity.	42,695,000
Total Airport Revenue Bonds Outstanding				<u>\$ 195,320,000</u>

Variable Rate Demand Bonds

The City has outstanding \$128,955,000 principal amount of various variable rate demand bonds (“Bonds”) as of April 30, 2016. These Bonds are remarketed by remarketing agents on a periodic basis for an annual fee of 8 basis points (0.08%) of the outstanding principal amount of the Bonds. The Bonds are supported by liquidity agreements in the event the Bonds are not able to be remarketed. As of April 30, 2016, the liquidity agreements have varying expiration dates from May 1, 2017 through May 15, 2018. Any advances made under the liquidity agreements are generally converted to installment loans payable over a period of two (2) to five (5) years. The portion of the bonds that could be required to be repaid within one year under the demand provisions or the liquidity agreements is reflected as current in the schedules above, and has been included as Demand bonds due within one year in the Statement of Net Position. At April 30, 2016, all variable rate bonds had been successfully remarketed. The interest rates on each of the Bonds for the last week of April 2016 were used for calculating estimated future interest payments on the Bonds.

Note: The following are the remarketing agents for the City’s special obligation variable rate demand bonds: (a) Wells Fargo Brokerage Services, LLC for Series 2009A, (b) Merrill Lynch, Pierce, Fenner and Smith Inc. for Series 2009B, 2009C and 2009D and (c) Citigroup Global Markets, Inc. for Series 2008E and 2008F.

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As mentioned above, the liquidity agreements include a provision for the provider to convert the bonds to an installment loan in the event the remarketing agent is unable to resell the bonds, commonly referred to as a take-out agreement. As shown in the table below, none of the City's take-out agreements expire within one year of the fiscal year ending April 30, 2016.

City of Kansas City, Missouri

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The following table shows the various terms of the liquidity agreements for each of the Bonds.

Issuer	Bond Name	Purpose	Maturity Date	Bond Security	Bonds Subject to Purchase on the Demand of Bondholders	Optional Redemption Provision	LOC Provider	LOC Expiration	LOC Annual Fee	LOC Commitment	LOC Fee Paid in Fiscal Year 2016	Bank Bonds as of 4/30/16	Term Loan Repayment	Term Loan Rate
Special Obligation (City)	City of Kansas City, Missouri Variable Rate Demand Special Obligation Refunding Bonds, Series 2008E (H. Roe Bartle Convention Center Project) - \$81,400,000 Par Amount	To refund Series 2004A bonds, which funded the H. Roe Bartle Convention Center Project	4/15/2034	Annual Appropriation Pledge	Yes. Need to be purchased on a business day not prior to the 7th day after the date of the delivery of the bondholders' notice	Bonds bearing interest at a weekly interest rate are subject to optional redemption, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date	Sumitomo Mitsui Banking Corporation	08/03/17	0.75%	Principal of bonds plus 45 days interest at 10% per annum	\$ 631,327	None	*Five years, payable in ten equal semi-annual payments beginning from the earlier of (a) the six-month anniversary of the Termination Date of the LOC or (b) such earlier date as may be requested by the City	Days 1-30: Base Rate. Days 31-90: Base Rate plus 1.00%. Days 91+: Base Rate plus 2.00%. Base Rate = higher of LIBOR Index Rate plus 3.00%, Prime Rate plus 2.00%, Fed. Funds plus 3.00%, or SIFMA plus 3.00%.
Special Obligation (City)	City of Kansas City, Missouri Variable Rate Demand Special Obligation Refunding Bonds, Series 2008F (H. Roe Bartle Convention Center Project) - \$20,865,000 Par Amount	To refund Series 2005 bonds, which funded the H. Roe Bartle Convention Center Project	4/15/2025	Annual Appropriation Pledge	Yes. Need to be purchased on a business day not prior to the 7th day after the date of the delivery of the bondholders' notice	Bonds bearing interest at a weekly interest rate are subject to optional redemption, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date	Sumitomo Mitsui Banking Corporation	08/03/17	0.75%	Principal of bonds plus 45 days interest at 10% per annum	\$ 164,057	None	*Five years, payable in ten equal semi-annual payments beginning from the earlier of (a) the six-month anniversary of the Termination Date of the LOC or (b) such earlier date as may be requested by the City	Days 1-30: Base Rate. Days 31-90: Base Rate plus 1.00%. Days 91+: Base Rate plus 2.00%. Base Rate = higher of LIBOR Index Rate plus 3.00%, Prime Rate plus 2.00%, Fed. Funds plus 3.00% or SIFMA plus 3.00%.
Special Obligation (City)	City of Kansas City, Missouri Variable Rate Demand Taxable Special Obligation Refunding Bonds, Series 2009A (909 Walnut Parking Facility Project) - \$7,490,000 Par Amount	To refund Series 2005, which funded the costs in the development of the 909 Walnut Parking Facility Project	2/1/2024	Annual Appropriation Pledge	Yes. Need to be purchased on a business day not prior to the 7th day after the date of the delivery of the bondholders' notice	Bonds bearing interest at a weekly interest rate are subject to optional redemption, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date	U.S. Bank, NA	05/15/18	1.00%	Principal of bonds plus 35 days interest at 10% per annum	\$ 61,976	None	Two years, payable in equal quarterly principal installments beginning first calendar quarter 180 days after date of tender	Days 1-90: Base Rate plus 1.50%. Days 91-180: Base Rate plus 2.50%. Days 181+: Base Rate plus 3.50%. Base Rate = higher of Prime Rate and 2.00% per annum in excess of the LIBOR Rate. Base Rate shall not be less than 7.5% per annum.
Special Obligation (City)	City of Kansas City, Missouri Variable Rate Demand Special Obligation Refunding Bonds, Series 2009C and 2009D (Chouteau I-35 Project) - \$12,245,000 combined Par Amount	To refund the Series 2003A and 2003B bonds, which funded the Chouteau I-35 Redevelopment Project	2009C - 3/1/2024 2009D - 3/1/2023	Annual Appropriation Pledge	Yes. Need to be purchased on a business day not prior to the 7th day after the date of the delivery of the bondholders' notice	Bonds bearing interest at a weekly interest rate are subject to optional redemption, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date	JPMorgan Chase Bank, NA	05/01/17	0.90%	Principal of bonds plus 39 days interest at 10% per annum	\$ 79,957	None	Three years, payable every six months in equal principal installments beginning the sixth month immediately following the Term Loan Start Date (the day following the related Tender Drawing)	Days 1-90: higher of JP Morgan Prime Rate plus 1.50%, Fed. Funds plus 2.00% or 8.50%. Days 91+: higher of JP Morgan Prime Rate plus 2.50%, Fed. Funds plus 3.00% or 8.50%.
Special Obligation (City)	City of Kansas City, Missouri Variable Rate Demand Taxable Special Obligation Refunding Bonds, Series 2009B (President Hotel Project) - \$17,400,000 Par Amount	To refund the Series 2004 bonds, which funded the President Hotel Redevelopment Project	3/1/2028	Annual Appropriation Pledge	Yes. Need to be purchased on a business day not prior to the 7th day after the date of the delivery of the bondholders' notice	Bonds bearing interest at a weekly interest rate are subject to optional redemption, in whole or in part, at any time, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date	JPMorgan Chase Bank, NA	05/01/17	0.90%	Principal of bonds plus 39 days interest at 10% per annum	\$ 133,773	None	Three years, payable every six months in equal principal installments beginning the sixth month immediately following the Term Loan Start Date (the day following the related Tender Drawing)	Days 1-90: higher of JP Morgan Prime Rate plus 1.50%, Fed. Funds plus 2.00% or 8.50%. Days 91+: higher of JP Morgan Prime Rate plus 2.50%, Fed. Funds plus 3.00% or 8.50%.

Notes:

*Five years unless the following occurs earlier: (a) Early Expiration Date, (b) Maturity Date of the bonds, (c) an Event of Default and (d) acceleration, prepayment, redemption, defeasance or other payment of the Bank Bonds purchased pursuant to such Principal Purchase Drawing.

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General Obligation Bonds Refunding

On June 4, 2015, the City issued General Obligation Refunding Bonds, Series 2015A (“Series 2015A”) to partially refund the following:

- **Advance Refunding** - General Obligation Improvement and Refunding Bonds, Series 2007A (“Series 2007A Refunded Bonds”)

The total par amount of Series 2015A bonds was \$42,195,000. The Series 2007A Refunded Bonds were refunded to reduce the City’s total debt service payment. On June 4, 2015, \$48,570,323 was directly sent to the escrow agent of the Series 2007A Refunded Bonds and was used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with the escrow agent to provide for all future debt service payments on \$44,535,000 of outstanding aggregate principal. The Series 2007A Refunded Bonds are due to be called on February 1, 2017. As a result of these actions, the Series 2007A Refunded Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term obligation. Refer to tables on pages A-118 – A-119 for more additional refunding information.

Sanitary Sewer System Revenue Bonds Refunding

On February 10, 2016, the City issued Sanitary Sewer System Improvement and Refunding Revenue Bonds, Series 2016A (“Series 2016A”) to refund the following bonds (collectively, the “Sanitary Sewer System Refunded Bonds”):

- **Current Refunding** - Sanitary Sewer System Revenue Bonds, Series 2005B (“Series 2005B Refunded Bonds”)
- **Advance Refunding** - Sanitary Sewer System Revenue Bonds, Series 2007A (“Series 2007A Refunded Bonds”)

The total par amount of the Series 2016A bonds was \$183,740,000. A total of \$150,000,000 of this par amount was new money to finance the Sanitary Sewer System Project. The Sanitary Sewer System Refunded Bonds were refunded to reduce the City’s total debt service payment. On February 10, 2016, \$8,603,766 and \$32,055,095 (\$2,583,195 of this amount came from Series 2007A Refunded Bonds project fund) were directly sent to the escrow agent of the Series 2005B and Series 2007A Refunded Bonds, respectively, and were used to purchase U.S. Government securities. The Series 2005B and 2007A Refunded Bonds securities were deposited in an irrevocable trust with each respective escrow agent to provide all future debt service payments on \$8,530,000 and \$30,765,000 of outstanding principal, respectively. The Series 2005B was called on March 15, 2016 and the Series 2007A is to be called on January 1, 2017. As a result of these actions, the Sanitary Sewer System Refunded Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term obligation. Refer to tables on pages A-118 – A-119 for more additional refunding information.

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The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$32,578 and \$704,124 for the Series 2005B and 2007A Refunded Bonds, respectively. For Series 2005B and 2007A Refunded Bonds, the difference reported in the accompanying financial statements as a deferred loss on refunding of bonds and is being charged to operations through the year 2025 and 2032, respectively, using the straight-line method.

Special Obligation Bonds Refunding – Series 2016C

On April 21, 2016, the City issued Special Obligation Refunding Bonds, Series 2016C (“Special Obligation Bonds, Series 2016C”) to refund the following bonds (collectively, the “KCMAC and Special Obligation Refunded Bonds”):

- **Current Refunding** - Kansas City Municipal Assistance Corporation (“KCMAC”) Leasehold Refunding and Improvement Revenue Bonds, (H. Roe Bartle Convention Center, Music Hall and Municipal Auditorium Plaza Garage Projects), Series 2006A (“KCMAC Series 2006A Refunded Bonds”)
- **Advance Refunding** - Special Obligation Improvement and Refunding Revenue Bonds, (Kansas City, Missouri Projects), Series 2008A (“Special Obligation Series 2008A Refunded Bonds”)

The total par amount of the Special Obligation Bonds, Series 2016C was \$31,125,000. The KCMAC Series 2006A and Special Obligation Series 2008A Refunded Bonds were refunded to reduce the City’s total debt service payment. On April 21, 2016, \$15,930,827 was directly sent to the trustee of the KCMAC Series 2006A Refunded Bonds. The trustee used the moneys to purchase U.S. Government securities. The cash was deposited in an irrevocable trust with the trustee to provide for all future debt service payments on \$15,845,000 of outstanding aggregate principal. The KCMAC Series 2006A Refunded Bonds were called on May 24, 2016. On April 21, 2016, \$18,308,007 was directly sent to the escrow agent of the Special Obligation Series 2008A Refunded Bonds and was used to purchase U.S. Government securities. The securities were deposited in an irrevocable trust with the escrow agent to provide for all future debt service payments on \$17,025,000 of outstanding aggregate principal. The Special Obligation Series 2008A Refunded Bonds will be called on March 1, 2018. As a result of these actions, the KCMAC Series 2006A and Special Obligation Series 2008A Refunded Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term obligations. Refer to tables on pages A-117 – A-120 for more additional refunding information.

Special Obligation Bonds Refunding – Series 2016D

On April 21, 2016, the City issued Special Obligation Refunding Bonds, Series 2016D (“Special Obligation Bonds, Series 2016D”) to refund the following bonds:

- **Advance Refunding** - Special Obligation Improvement Revenue Bonds, (East Village Projects), Series 2008B (“Special Obligation Series 2008B Refunded Bonds”)

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The total par amount of the Special Obligation Bonds, Series 2016D was \$25,650,000. The Special Obligation Series 2008B Refunded Bonds were refunded to reduce the City's total debt service payment. On April 21, 2016, \$29,098,102 was directly sent to the escrow agent of the Special Obligation Series 2008B Refunded Bonds and was used to purchase U.S. Government securities. The securities were deposited in an irrevocable trust with the escrow agent to provide for all future debt service payments on \$26,930,000 of outstanding aggregate principal. The Special Obligation Series 2008B Refunded Bonds will be called on April 15, 2018. As a result of these actions, the Special Obligation Series 2008B Refunded Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term obligations. Refer to tables on pages A-117 – A-120 for more additional refunding information.

Special Obligation Bonds Refunding – Series 2016E

On April 21, 2016, the City issued Special Obligation Improvement and Refunding Bonds, Series 2016E (“Special Obligation Bonds, Series 2016E”) to refund the following bonds:

- **Advance Refunding** - Special Obligation Improvement and Refunding Revenue Bonds, (Downtown Arena Project), Series 2008C (“Special Obligation Series 2008C Refunded Bonds”)

The total par amount of the Special Obligation Bonds, Series 2016E was \$182,910,000. A total of \$5,825,000 of this par amount was new money to finance certain improvements to the Downtown Arena. The Special Obligation Series 2008C Refunded Bonds were refunded to reduce the City's total debt service payment. On April 21, 2016, \$200,720,178 was directly sent to the escrow agent of the Special Obligation Series 2008C Refunded Bonds and was used to purchase U.S. Government securities. The securities were deposited in an irrevocable trust with the escrow agent to provide for all future debt service payments on \$184,660,000 of outstanding aggregate principal. The Special Obligation Series 2008C Refunded Bonds will be called on April 1, 2018. As a result of these actions, the Special Obligation Series 2008C Refunded Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term obligations. Refer to tables on pages A-117 – A-120 for more additional refunding information.

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Refunded Bonds	Type of Refunding	Optional Call Dates	Par Amount of Refunding Bonds	Interest Rate Refunding Bonds	Original Principal Amount of Refunded Bonds*
General Obligation, Series 2007A	Advance	2/1/2017	\$ 42,195,000	2.70%	\$ 130,005,000
Sewer System, Series 2005B	Current	3/15/2016	7,765,000	1.49%	15,550,000
Sewer System, Series 2007A	Advance	1/1/2017	25,975,000	2.54%	40,000,000
KCMAC Series 2006A	Current	5/24/2016	15,205,000	1.15%	129,650,000
Special Obligation, Series 2008A	Advance	3/1/2018	15,920,000	2.02%	28,495,000
Special Obligation, Series 2008B	Advance	4/15/2018	25,650,000	2.67%	29,310,000
Special Obligation, Series 2008C	Advance	4/1/2018	<u>177,085,000</u>	3.41%	<u>204,525,000</u>
Total			<u>\$ 309,795,000</u>		<u>\$ 577,535,000</u>

Calculation of Escrow Monies

	G.O. 2007A	Sewer System 2005B	Sewer System 2007A	KCMAC 2006A	Special Obligation 2008A
Par amount	\$ 42,195,000	\$ 7,765,000	\$ 25,975,000	\$ 15,205,000	\$ 15,920,000
Net/Premium	6,741,875	884,450	3,655,942	799,202	2,497,063
Other sources	-	-	2,583,195	-	-
Less					
Cost of issuance	365,214	42,262	158,346	73,364	105,802
Additional proceeds	<u>1,338</u>	<u>3,422</u>	<u>696</u>	<u>11</u>	<u>3,254</u>
Escrow deposits	<u>\$ 48,570,323</u>	<u>\$ 8,603,766</u>	<u>\$ 32,055,095</u>	<u>\$ 15,930,827</u>	<u>\$ 18,308,007</u>

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	Principal Amount of Refunded Bonds	Interest Range of Refunded Bonds	Amount Escrowed	Types of Investments Purchased	Years of Savings/ Dissavings	Gross Savings/ Dissavings	Economic Gain (Loss)
\$	44,535,000	4.00% - 5.00%	\$ 48,570,323	Tbill/Tnote	12	\$ 3,338,919	\$ 3,199,048
	8,530,000	3.00% - 5.00%	8,603,766	SLGS	9	1,220,614	1,135,732
	30,765,000	4.00% - 5.00%	32,055,095	SLGS	16	5,241,973	3,797,617
	15,845,000	4.25% - 5.00%	15,930,827	SLGS	4	1,250,870	1,099,971
	17,025,000	3.00% - 5.00%	18,308,007	SLGS	12	1,766,022	1,436,784
	26,930,000	3.75% - 5.00%	29,098,102	SLGS	15	3,355,388	2,733,406
	<u>184,660,000</u>	4.00% - 5.50%	<u>200,720,178</u>	SLGS	24	<u>29,328,179</u>	<u>19,886,641</u>
\$	<u>328,290,000</u>		<u>\$ 353,286,298</u>			<u>\$ 45,501,965</u>	<u>\$ 33,289,199</u>

	Special Obligation 2008B	Special Obligation 2008C	Total
\$	25,650,000	\$ 177,085,000	\$ 309,795,000
	3,659,143	24,846,083	43,083,758
	-	-	2,583,195
	208,585	1,210,160	2,163,733
	<u>2,456</u>	<u>745</u>	<u>11,922</u>
\$	<u>29,098,102</u>	<u>\$ 200,720,178</u>	<u>\$ 353,286,298</u>

City of Kansas City, Missouri
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Principal Outstanding Amounts of Previously Advance Refunded Bonds

The following are the principal amounts outstanding of bonds that were advance refunded by the City in prior years and have not been called by the respective paying agent as of April 30, 2016:

Description of Bonds	Fiscal Year of the Advanced Refunding	Call Date	Escrow Agent	Outstanding Amount as of April 30, 2016
Special Obligation Bonds, Series 2010B (KCMAC Series 1999A refunded portion only)	2012	Shall mature in accordance with the stated terms	First Bank of Missouri	\$ 1,340,000
Water Revenue Bonds, Series 2004D	2009	Shall mature in accordance with the stated terms	UMB Bank, NA	\$ 15,450,000
Water Revenue Bonds, Series 2005F	2009	Shall mature in accordance with the stated terms	UMB Bank, NA	\$ 24,615,000
IDA Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A refunded portion only	2014	12/1/2017	UMB Bank, NA	\$ 5,165,000
IDA Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2011A refunded portion only	2014	Shall mature in accordance with the stated terms	UMB Bank, NA	\$ 10,055,000

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Description of Bonds	Fiscal Year of the Advanced Refunding	Call Date	Escrow Agent	Outstanding Amount as of April 30, 2016
General Obligation Improvement and Refunding Bonds, Series 2007A refunded portion only	2016	2/1/2017	First Bank of Missouri	\$ 43,810,000
Sanitary Sewer System Revenue Bonds, Series 2007A	2016	1/1/2017	UMB Bank, NA	\$ 30,765,000
Special Obligation Improvement Revenue Bonds, Series 2008A	2016	3/1/2018	First Bank of Missouri	\$ 17,025,000
Special Obligation Improvement Bonds, Series 2008B	2016	4/15/2018	Bank of New York Mellon Trust	\$ 26,930,000
Special Obligation Improvement Revenue Bonds, Series 2008C	2016	4/1/2018	Commerce Bank	\$ 184,660,000

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Derivative Instruments

At April 30, 2016, the City has the following two interest rate swap derivative instruments outstanding (amounts in thousands):

Derivative Instrument	Type	Objective	Counterparty	Optional Notional Amount	Notional Amount as of April 30, 2016	Effective Date	Termination Date	Cash (Paid) Received	Terms
A	Pay-fixed interest rate swap	Hedge interest rate risk on Series 2008E Bonds (Bartle Hall Project)	Citibank, N.A.	\$ 80,885	\$ 80,885	Amended - 8/13/2008 Original - 10/19/2004	4/15/2034	\$ 35	Pay 3.677% Receive 68% of the USD-LIBOR-BBA
B	Pay-fixed interest rate swap	Hedge interest rate risk on Series 2008F Bonds (Bartle Hall Project)	Citibank, N.A.	20,610	20,610	Amended - 8/13/2008 Original - 1/19/2005	4/15/2025	35	Pay 3.667% Receive 68% of the USD-LIBOR-BBA

Outstanding Derivative Instrument

Citibank, N.A., (the “Swap Counterparty”) and the Kansas City Municipal Assistance Corporation (“KCMAC”) previously entered into a certain ISDA Master Agreement (derivative instruments A & B) dated as of October 18, 2004, including Schedule, Credit Support Annex and Confirmations (the “Original Derivative Instrument – Bartle Hall Project”) with respect to the KCMAC Series 2004A and Series 2005 Bonds (collectively referred to herein as “KCMAC Refunded Bonds”). The KCMAC Refunded Bonds were issued to finance the City’s H. Roe Bartle Convention Center Project.

The City refunded the KCMAC Refunded Bonds by issuing its Kansas City, Missouri Special Obligation Refunding Bonds, Series 2008E and 2008F (collectively referred to herein as “City Refunding Bonds”). At the time of the refunding, KCMAC assigned to the City all of its rights and obligations under the Original Derivative Instrument - Bartle Hall Project pursuant to an Assignment and Assumption Agreement among KCMAC, the City and the Swap Counterparty.

Fair Values (At-market Portion)

Table A

Derivative Instrument	April 30, 2016 Asset (Liability)	April 30, 2015 Asset (Liability)
A	\$ (25,659,033)	\$ (22,866,424)
B	(4,061,103)	(3,789,697)
	<u>\$ (29,720,136) *</u>	<u>\$ (26,656,121)</u>

*Net of Implied Note Outstanding Balance as of April 30, 2016. The amount includes both the at-market portion of \$29,501,065 and the accrued interest payable portion of \$219,071.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Table B (in thousands):

Governmental Activities	Change in Fair Value		Fair Value at April 30, 2016		
	Classification	Amount	Classification	Amount	Notional
Cash flow hedges					
Pay-fixed interest rate swaps	Deferred outflows	\$ 3,135	Other liabilities	\$ 29,501	\$ 101,495
			Accrued interest	219	
				<u>\$ 29,720</u>	

As of the end of the current period, all of the City's interest rate derivatives are effective cash flow hedges and were classified as hedging derivatives in its financial statement. The fair value of the at-market portion is reported as other assets and deferred inflows if positive and other liabilities and deferred outflows if negative on the statement of net position.

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Hybrid Instruments

In August 2008, the City refunded its Series 2004A and 2005 bonds - Bartle Hall Project and amended the two associated pay-fixed swaps with Citibank N.A., without terminating the existing derivative instruments. As a result, the two pay-fixed swaps with Citibank N.A., now hedging Series 2008E and 2008F, had "off-market" terms at the time of the refunding and are accounted for as hybrid instruments in the City's financial statements.

Risks

Credit Risk—All derivative instruments rely upon the performance of swap counterparties. The City is exposed to the risk that its counterparty may become unable to fulfill its financial obligations under the derivative instrument. The City measures the extent of this risk based upon the counterparty credit ratings and the fair value of the respective derivative instrument. The credit ratings of the City's single counterparty (Citibank) as of April 30, 2016 are shown in the following table:

Derivative Instrument	Counterparty	Moody's Credit Rating (1)	S&P Credit Rating (2)	Fitch Credit Rating (3)
A & B	Citibank, N.A.	A1	A	A+

Source: Moody's and S&P ratings - Derivactiv - Derivative Management Services Report.
 Fitch's rating - Fitch Ratings website.

- (1) Senior Unsecured Debt Rating - Upgraded by Moody's on 5/28/2015 from A2 to A1.
- (2) Long-term Local Currency Credit Rating.
- (3) Long-term Issuer Default Rating - Upgraded by Fitch on 5/19/2015 from A to A+.

City of Kansas City, Missouri
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To mitigate the risk of counterparty non-performance, the City's swap policy includes collateral posting requirements. Under the Credit Support Annex for derivative instrument A & B, the Amended Derivative Instrument, the counterparty will post collateral in the event that its credit rating is downgraded below A2/A or not rated from Moody's and Standard and Poor's, respectively. The City is not required to post collateral.

As of April 30, 2016, the City was not exposed to actual credit risk under the derivative instrument because each instrument had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the derivative instrument's fair value. In the event CitiBank, N.A. has to post collateral, it should be in the form of cash or debt obligations issued by the U.S Treasury Department or any other collateral acceptable to the Secured Party.

The City's swap policy does not require that derivative instruments include netting arrangements across multiple transactions. Derivative instruments A and B do not provide netting provisions across multiple transactions, but they allow netting payments within the same transaction.

The at-market portion, the accrued interest portion and off-market fair value of derivative instruments A and B are in liability positions of \$29,501,065, \$219,071 and \$3,397,801, respectively, at April 30, 2016. The aggregate fair value is negative \$33,117,937 (gross of implied note outstanding balance as of April 30, 2016). This represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. There is no posted collateral to net against the aforementioned fair value.

The contracts for derivative instruments A and B are held by Citibank, N.A. and comprise 100% of the net exposure to credit risk.

Termination Risk—Termination risk is generally referred to as the risk that a derivative instrument could be terminated causing the City to owe a termination payment as a result of any of several events, which may include: a ratings downgrade of the swap counterparty; covenant violations by either party; bankruptcy of either party; a swap payment default of either party; and other default events as defined by the derivative instrument. Any such termination may require the City to make significant termination payments in the future. The approximate amount of termination payment that the City would have to pay if each of the derivative instruments were terminated on April 30, 2016 is approximately \$33,117,937. The provisions of the agreements related to each derivative instrument allow for the offset of certain reimbursable costs related to the termination process.

To further mitigate the effect of termination risk relative to derivative instruments A and B, the agreements contain certain safeguards which include (i) collateral posting requirements as discussed in the preceding Credit Risk section and (ii) except for certain types of termination events there is no automatic early termination.

Derivative instruments A and B may be terminated, if the underlying rating of the City's obligations that are subject to annual appropriation falls below "BBB" from S&P or below "Baa2" from Moody's.

While there is no optional termination language in the confirmations of derivative instruments A and B, Citibank, N.A. may accommodate the City to terminate the derivative instruments early, subject to credit approval.

City of Kansas City, Missouri
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If, at the time of termination, a swap has a negative fair value, the City could be liable to the counterparty for a payment equal to the derivative instrument's fair value. If any of the derivative instruments are terminated, either the associated variable rate bonds would no longer be hedged with a synthetic fixed interest rate or the nature of the basis risk associated with the derivative instrument may change. As of April 30, 2016, the City is not aware of any pending event that would lead to a termination event with respect to any of its existing derivative instruments, which are in force and effect as of such date.

Basis Risk—Each of the derivative instruments is associated with certain debt obligations. The debt associated with each of the derivative instrument pays interest at variable interest rates. The City receives variable payments under the derivative instrument. To the extent these variable payments are not equal to the variable interest payments on the associated debt, there may be either a net loss or net benefit to the City.

Tax risk is an extreme form of basis risk in which changes in the trading relationship between taxable and tax-exempt bonds reduce swap receipts to the point that they are insufficient to offset portions of any variable rate bond payments. Tax risk is inherent in any unhedged tax-exempt variable rate bonds issued by the City.

For Fiscal Year 2015-2016, the following were the weekly average interest rates on the City's swap agreements:

Derivative Instrument	*Weekly Average Variable Interest Rate	Weekly Average SIFMA Index	Weekly Average 68% of USD- LIBOR-BBA
A	0.073%	0.073%	0.195%
B	0.073%	0.073%	0.195%

*Based on weekly rate resets by the remarketing agents.

Rollover Risk—Rollover risk occurs when the term of the derivative instrument is not coincident with the repayment term of the underlying debt obligation. Derivative instruments A and B have terms equal to the repayment terms of the underlying debt obligations.

Interest Rate Risk—The City is exposed to interest rate risk on its interest rate derivative instruments. On its pay-fixed, receive-variable interest rate swaps, to the extent these variable payments are not equal to the variable interest payments on the associated debt, there may be either a net loss or net benefit to the City.

Projected Debt Service Requirements—As of April 30, 2016, the projected debt service requirements for the City's hedged variable rate debt, net of swap payments, (assuming current interest rates remain constant and the swap receipt rate is equal to 68% of the USD-LIBOR-BBA) for derivative instruments A and B, are shown in the tables that follow. As short-term interest rates vary, the variable rate bond interest payments and net swap payments will also vary in the future.

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Bartle Hall Series 2008E

Fiscal Year	Principal	Interest at 4.67%	Total Payment
2017	\$ -	\$ 3,802,194	\$ 3,802,194
2018	-	3,802,194	3,802,194
2019	-	3,802,194	3,802,194
2020	-	3,802,194	3,802,194
2021	-	3,802,194	3,802,194
2022-2026	-	19,010,970	19,010,970
2027-2031	-	19,010,970	19,010,970
2032-2034	<u>81,400,000</u>	<u>7,805,008</u>	<u>89,205,008</u>
Total	<u>\$ 81,400,000</u>	<u>\$ 64,837,918</u>	<u>\$ 146,237,918</u>

Assumptions

- Synthetic Fixed – 3.68%
- Swap Inefficiency in the last week of Fiscal Year 2016 – 0.11%
- Remarketing, LOC and other fees – 0.88%

Note: Only \$80,885,000 of the \$81,400,000 bond outstanding is hedged.

Bartle Series 2008F

Fiscal Year	Principal	Interest at 4.66%	Total Payment
2017	\$ -	\$ 972,518	\$ 972,518
2018	-	972,518	972,518
2019	-	972,518	972,518
2020	-	972,518	972,518
2021	-	972,518	972,518
2022-2025	<u>20,865,000</u>	<u>3,783,568</u>	<u>24,648,568</u>
Total	<u>\$ 20,865,000</u>	<u>\$ 8,646,158</u>	<u>\$ 29,511,158</u>

Assumptions

- Synthetic Fixed – 3.67%
- Swap Inefficiency in the last week of Fiscal Year 2016 – 0.11%
- Remarketing, LOC and other fees – 0.88%

Note: Only \$20,610,000 of the \$20,865,000 bond outstanding is hedged.

Contingencies

The City's derivative instruments do not include provisions that require the City to post collateral.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Discretely Presented Component Units

Information about specific component unit debt is available in each component unit's separately issued financial statements.

Conduit Debt

The City has issued Chapter 100 debt for economic development from time to time. This debt was issued for the benefit of third parties and the City has no obligation beyond the rents, revenues and receipts derived by the City from the project. Debt outstanding of this nature includes taxable industrial revenue bonds of \$793,099,837 as follows:

Description of Chapter 100 Bonds	Principal Outstanding as of April 30, 2016
Cerner Properties, Inc., Series 2007A	\$ 72,300,133
Cerner Series 2008A	33,223,096
Cerner Series 2008B	267,639,180
Cerner Series 2011A	50,000,000
Heartland Sheets 2012A	5,343,750
Heartland Sheets 2012B	5,500,000
Lockton Inc. 2012C	12,967,815
Data Systems 2012D	4,154,386
North American Savings Bank 2012E	421,545
Freightquote 2012H-1	40,729,037
Freightquote 2012H-2	3,341,770
Plaza Vista 2012F-1	55,965,081
Plaza Vista 2012F-2	24,768,855
Plaza Vista 2012F-3	36,523,929
New Direction Behavioral Health 2012G	293,582
Country Club Bank, Series 2012 I-1	6,500,000
A.B. May Company, Series 2013B-1	3,520,000
A.B. May Company, Series 2013B-2	-*
Burns & McDonnell Project, Series 2014B	60,845,376
DST Systems, Series 2014A-1	33,544,863
DST Systems, Series 2014A-2	39,710,380
Cerner Properties, Inc., Series 2015B	6,903,204
Challenge Manufacturing Co. Series 2015A-1	28,903,855
Challenge Manufacturing Co. Series 2015A-2	-*
Total Principal Outstanding	\$ 793,099,837

City of Kansas City, Missouri
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Note 8: Lease Agreements

Following are descriptions of the City’s major lease agreements:

Business-type Activities

Kansas City Airports Fund (Lessor)

The Aviation Department has a five-year Use and Lease Agreement (Agreement) with certain air carriers (signatory carriers) serving Kansas City International (KCI), which was originally effective through April 30, 2014 and was subsequently extended through April 30, 2016. During the year ended April 30, 2016, an amendment to the Agreement was entered into which extended the Agreement through April 30, 2017. Pursuant to the Agreement, signatory air carriers have agreed to a guaranteed minimum amount of rentals and fees based on expected levels of use of airport facilities. Further, the Agreement provides the determination for the landing fees and apron, terminal and passenger boarding bridge rents at KCI along with granting certain rights and privileges to air carriers, both passenger and cargo. The Agreement provides for an annual settlement, post fiscal year end close, whereby the rates and charges are recalculated using audited financial statements to determine any airline over/under payment. For the year ended April 30, 2016, \$968,392 was due from the airlines.

Minimum future rentals scheduled to be received on operating leases that have initial or remaining noncancelable terms in excess of one year for each of the next five years and, thereafter, at April 30, 2016 are as follows (*in thousands*):

<u>Fiscal Year</u>		
2017	\$	9,772
2018		8,126
2019		7,196
2020		7,075
2021		6,074
2022 – 2026		24,579
2027 – 2031		12,512
2032 – 2036		9,439
2037 – 2041		3,575
2042 – 2046		2,509
2047 – 2051		1,825
2052 – 2056		1,859
Total	\$	94,541

City of Kansas City, Missouri
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Note 9: Related Parties

Lease Agreements with Related Party

Port Authority of Kansas City, Missouri

On May 14, 1993, the City entered into a long-term lease agreement for certain real property fronting along the Missouri River (the Property) with the Port Authority of Kansas City, Missouri. Effective September 21, 2011, the original lease was superseded and replaced by the “First Amended and Restated Lease Agreement” (“Restated Lease”). Under the Restated Lease the property continues to be leased for development purposes and the expiration date was changed to be midnight on August 20, 2056.

As rent, the Port Authority is required to set aside for use by the City fifty percent of the total gross revenue received by the Port Authority attributable to operations of the leased property. Currently, all of the operating revenues from the property are attributable to the Isle of Capri Casino lease described below. The City is to use the amounts set aside for capital; public improvements or development or redevelopment projects within specified boundaries, primarily within the riverfront area.

In March of 1993, the Port Authority entered into a development agreement (Development Agreement) with Hilton Hotels Corporation (Hilton), whereby Hilton agreed to develop certain portions of the Property for riverboat gambling (the Casino Property). In addition, the Port Authority, as the landlord and Hilton, as the tenant, entered into a long-term lease agreement for the Casino Property. On August 21, 1995, the Port Authority and Hilton entered into an amended and restated lease for the Casino Property (as subsequently amended on October 31, 1995 and on June 10, 1996, the Casino Lease).

The Casino Lease provided for an initial 10-year term, beginning on the “Opening Date” of the casino, which was October 18, 1995, so the initial 10-year term expired on October 18, 2005. The tenant is deemed to have elected to renew the Casino Lease for subsequent 5-year renewal terms (for a total of eight 5-year renewal terms, if all are elected) unless the tenant notifies the Port Authority at least 12 months before the end of the immediately preceding term negating the deemed election. No such notice was provided to the Port Authority, so the parties are in the first year of the third 5-year renewal term.

Hilton’s rights and obligations under the Development Agreement and the Casino Lease were assigned to and assumed by the Isle of Capri Casinos (IOC) during fiscal year 2001, so that IOC is the current tenant of the Casino Property. On August 15, 2005, the Port Authority and IOC entered into an Amended and Restated Development Agreement in which the Port Authority and IOC agreed to amend and restate the Hilton development Agreement.

Beginning on the Opening Date and continuing during the remainder of the initial 10-year term, the tenant was to pay a minimum net annual rent of \$2,000,000 per year, in advance, on the Opening Date and on the date of each and every annual anniversary of the Opening Date thereafter. The agreement provides for increases in the minimum net annual rent for each renewal term by the percentage of change in the Consumer Price Index (CPI) as of the Opening Date to the Consumer Price Index as of the first day of any such renewal term. Effective October 18, 2011 and based on the change in the Consumer Price Index, the minimum net annual rent for the second renewal term was increased to \$2,860,657. In addition to the minimum net annual rent, the tenant throughout the

City of Kansas City, Missouri
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term of the lease (including renewal periods) is required to pay as percentage rent an amount equal to 3.25% of gross revenues (as defined in the agreement) less the minimum net annual rent paid in advance. During the year ended April 30, 2016, there was \$2,860,657 of total lease revenue (net annual rent) attributable to the Isle of Capri Casino lease.

Note 10: Pension Plans

The City has two defined benefit pension plans covering substantially all employees of the primary government, as follows:

- City of Kansas City, Missouri – Employees’ Retirement System
- City of Kansas City, Missouri – Firefighters’ Pension System

The City is a nonemployer contributing entity for two other plans, as follows:

- Civilian Employees’ Retirement System of the Police Department of Kansas City, Missouri
- Police Retirement System of Kansas City, Missouri

The majority of the City’s employees, including the business-type activities employees, are covered under the Employees’ Retirement System. Full time firefighters are covered under the Firefighters’ Pension System, full time policemen are covered under the Police Retirement System and full time police department civilian employees are covered under the Civilian Employees’ Retirement System.

A summary of pension related items as of and for the year ended April 30, 2016, is presented below (*in thousands*):

Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Employees’ Retirement System				
Governmental Activities	\$ 69,783	\$ 18,148	\$ 4,584	\$ 12,452
Business-type Activities	36,904	8,501	4,497	6,585
Firefighters’ Pension System	121,970	17,666	-	16,611
Civilian Retirement System	45,792	8,693	-	6,454
Police Retirement System	331,493	50,699	-	40,396
Total	<u>\$ 605,942</u>	<u>\$ 103,707</u>	<u>\$ 9,081</u>	<u>\$ 82,498</u>

City of Kansas City, Missouri
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1. City of Kansas City, Missouri – The Employees’ Retirement System

Plan Description

The board of trustees of the Employees’ Retirement System (the “Board”) administers the Employees’ Retirement System of the City, a contributory, single-employer defined benefit pension plan.

The Employees’ Retirement System was established in the code of ordinances under Part I, Chapter II, Article IX, Division 2, Section 2-1172 which states, “All full-time, permanent employees in the classified and unclassified services shall become members of the retirement system as a condition of employment, including, all full-time, permanent former MAST employees who became City employees as of April 25, 2010, and who did not become members of the Fire Fighters’ Pension System. Former MAST employees have the option within 60 days of the passage of this ordinance to elect to become members of this plan in lieu of participation in the defined contribution plan set out in Division 10. Also included in membership are those who have retired in circumstances establishing eligibility for an annuity in this pension system and inactive members on leave of absence.”

The Board shall consist of nine members, including the Director of Human Resources and Director of Finance, two shall be active employees and members of the retirement system, one retired member of the system and one member designated by Firefighters IAFF Local 42. The remaining four members are prominent Kansas City business or civic leaders appointed by the Mayor.

The Board is responsible for establishing or amending plan provisions. The Board issues publicly available financial reports that include financial statements and required supplementary information. The financial reports may be obtained by writing to:

The Employees’ Retirement System

The Retirement Division
City Hall-10th Floor
414 East 12th Street
Kansas City, Missouri 64106
Phone 816.513.1928

The Employees’ Retirement System’s financial report can also be found at:

<http://kcmo.gov/humanresources/retirement-information>

City of Kansas City, Missouri
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Employees Covered by Benefit Terms

At April 30, 2015, the measurement date for the year ended April 30, 2016, the following employees were covered by the benefit terms:

	Tier I Members	Tier II Members	Total
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	2,394	-	2,394
Current employees			
Vested	2,326	-	2,326
Nonvested	578	284	862
Inactive	111	33	144
	<u>5,409</u>	<u>317</u>	<u>5,726</u>

Retirement Benefits

Benefit terms for the Plan are established in the City administrative code and can only be amended by the City Council. The Plan provides retirement benefits as well as pre-retirement death benefits as noted below:

Tier I Members

The Plan provides retirement benefits, for those employees hired before April 20, 2014 (Tier I Members). Employees become vested for retirement benefits after five years of service. Members who retire with total age and creditable service equal to 80, or the later of age 60 and 10 years of creditable service, are entitled to an annual pension based on a percentage of final average compensation multiplied by years and months of creditable service. If married, at the time of retirement, the percentages are 2.0% for general employees and 2.2% for elected officials, and if unmarried, at the date of retirement, the percentage is 2.2% up to a maximum of 70% of final average compensation, as defined in the Plan. If the employee has at least 10 years of creditable service, the minimum benefit is \$400 per month.

If members terminate prior to retirement and before rendering five years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to City contributions and are refunded their member contributions with interest. Such refunds result in the forfeiture of all other benefits under the Plan. Members terminating prior to retirement with five or more years of service may elect to receive a refund of their member contributions with interest as a lump-sum distribution, or they may elect to receive a deferred pension. An automatic annual cost-of-living adjustment of 3%, non-compounded, is provided annually.

City of Kansas City, Missouri
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Tier II Members

The Plan provides retirement benefits, for those employees hired on or after April 20, 2014 (Tier II Members). Employees become vested for retirement benefits after 10 years of service. Members who retire with total age and creditable service equal to 85, or the later of age 62 and 10 years of creditable service are entitled to an annual pension of 1.75% of final average compensation multiplied by the number of years of creditable service, subject to a maximum limit of 70% of final average compensation, as defined in the Plan.

If employees terminate prior to retirement and before rendering 10 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to City contributions and are refunded their member contributions with interest. An annual cost-of-living adjustment, not to exceed 2.5%, non-compounded, per year is provided to pensioners age 62 and older if the prior year funding ratio is equal to or greater than 80% and will be equal to the percentage increase in the prior 12 months of the final national consumer price index.

Death Benefits

If a retired member dies, the following benefits shall be paid:

To the member's spouse until death, a retirement benefit equal to one-half of the member's normal retirement benefit. To the member's designated beneficiary or estate, if there is no surviving spouse, any remaining member contributions and interest. If an active member dies, the member contributions and interest are distributed to the surviving spouse or, if none, to the designated beneficiary. The surviving spouse, however, may elect to receive monthly benefit payments instead of the lump-sum distribution if the member had five or more years of creditable service.

Contributions

Funding is provided by contributions from plan members, the City and earnings on investments. Members contribute 4% of their base salary through April 20, 2014, at which time member contributions were increased to 5% of their base salary. The City's contribution is set by the City Council in conjunction with its approval of the annual budget, based on the actuarially determined contribution rate set by the Plan's consulting actuary. For the year beginning May 1, 2015, the City is contributing 14.64% of payroll, which is the actuarially determined Board contribution rate for the prior year, from the period May 1, 2015 to June 30, 2015, and 14.71% for the period from July 1, 2015 to April 30, 2016. Future City contributions will be determined through the City's budgeting process.

The Plan's governing body has the authority to establish and amend the contribution requirements of the City and active employees. The governing body establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended April 30, 2016, employees contributed \$8,235,363 and the City contributed \$24,577,647 to the plan.

City of Kansas City, Missouri
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April 30, 2016

Net Pension Liability

The City's net pension liability as of April 30, 2016 was measured as of April 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 30, 2014 updated to April 30, 2015. There were no changes in benefits or changes in assumptions during the year.

The total pension liability in the April 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	Ranges from 4.0% to 8.0%
Ad hoc cost of living adjustments	3.0%, simple
Investment rate of return	7.50%

Mortality rates were based on the 1994 Group Annuity Mortality Table for healthy individuals and the 1983 Railroad Retirement Board Disabled Life Mortality Table for disabled individuals.

The actuarial assumptions used in the April 30, 2015 valuations were based on the results of an actuarial experience study for the period 2006 – 2010 and showed that there were sufficient margins in the rates to provide for potential future improvements in mortality.

The investment return assumption of 7.50% was selected based upon an analysis that included (a) capital market assumptions provided by the investment consultant, (b) the asset allocation of the fund and (c) investment return assumptions of other public retirement systems.

The inflation assumption of 3.0% was selected based upon an analysis that included (a) input from the investment consultant, (b) historical inflation as measured by Consumer Price Index and (c) implied inflation in long-term government bonds.

The long-term wage growth assumption of 4.0% was based upon the inflation assumption of 3.0% plus a real growth wage assumption of 1.0%, which was derived from an analysis of historical increases in Social Security Average earnings.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Equity	15%	4.8%
Small Cap Equity	6.5%	6.0%
Non-U.S. Equity	7%	5.7%
Global Equity	19%	5.5%
Emerging Markets Equity	3%	8.8%
Opportunistic Equity	12%	3.7%
Fixed Income	26.5%	0.0%
Real Assets	10%	3.9%
Cash	1%	-0.9%

City of Kansas City, Missouri
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Discount Rate

The discount rate used to measure the total pension liability was 7.50%, which is the assumed long-term expected rate of return in plan investments. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position will be greater than or equal to the benefit payments projected for each future period. Benefit payments are projected through 2117.

Changes in the Net Pension Liability

Changes in the total pension liability, plan fiduciary net position and the net pension liability are:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, beginning of year	\$ 1,149,883,725	\$ 1,027,655,034	\$ 122,228,691
Changes for the year:			
Service cost	19,694,295	-	19,694,295
Interest	85,393,038	-	85,393,038
Contributions - employer	-	27,569,434	(27,569,434)
Contributions - employee	-	8,610,268	(8,610,268)
Net investment income	-	84,827,952	(84,827,952)
Benefit payments, including refunds of employee contributions	(63,149,987)	(63,149,987)	-
Administrative expense	-	(379,424)	379,424
Net changes	41,937,346	57,478,243	(15,540,897)
Balance, end of year	\$ 1,191,821,071	\$ 1,085,133,277	\$ 106,687,794

The net pension liability (asset) of the City has been calculated using a discount rate of 7.50%. The following presents the net pension liability using a discount rate 1% higher and 1% lower than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability (asset)	\$ 248,184,567	\$ 106,687,794	\$ (12,622,727)

City of Kansas City, Missouri
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2016, the City recognized pension expense on the Employees' Plan of \$19,037,255. At April 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the Employees' Plan from the following sources:

	Governmental Activities	Business-Type Activities	Total
Deferred Outflows of Resources			
Changes in proportion	\$ 2,072,052	\$ -	\$ 2,072,052
City's contributions made subsequent to the measurement date of the net pension liability	16,075,932	8,501,715	24,577,647
Total Deferred Outflows of Resources	<u>\$ 18,147,984</u>	<u>\$ 8,501,715</u>	<u>\$ 26,649,699</u>
Deferred Inflows of Resources			
Net difference between projected and actual earning on pension plan investments	\$ 4,584,315	\$ 2,424,403	\$ 7,008,718
Changes in proportion	-	2,072,052	2,072,052
Total Deferred Inflows of Resources	<u>\$ 4,584,315</u>	<u>\$ 4,496,455</u>	<u>\$ 9,080,770</u>

At April 30, 2016, the City reported \$24,577,647 as deferred outflows of resources related to the Employees' Plan resulting from City contributions subsequent to the measurement date and prior to year-end that will be recognized as a reduction of net pension liability at April 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources at April 30, 2016, related to the Employees' Plan, will be recognized in pension expense as follows:

2017	\$ (1,752,180)
2018	(1,752,180)
2019	(1,752,179)
2020	<u>(1,752,179)</u>
	<u>\$ (7,008,718)</u>

Payable to the Pension Plan

At April 30, 2016, the City reported a payable of \$886,247 for the outstanding amount of the legally required contributions to the Plan for the year ended April 30, 2016.

City of Kansas City, Missouri
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2. **City of Kansas City, Missouri – Firefighters’ Pension System**

Plan Description

The board of trustees of the Firefighters’ Pension System (the “Board”) administers the Firefighters’ Pension System of the City (the “Plan”), a contributory, single-employer defined benefit pension plan.

The Firefighters’ Pension System was established in the code of ordinances under Part I, Chapter II, Article IX, Division 4, Section 2-1252 which states, “(a) *Generally*. All persons who become firefighters shall become members of the pension system set out in this division as a condition of employment. (b) *Effective date*. Membership shall begin on the first day of employment and shall cease upon termination of employment or death. (c) Solely for the purpose of determining whether a member has incurred a break in service, any leave of absence granted by an employer, up to 12 weeks, that qualifies under the Family and Medical Leave Act (FMLA) shall not be counted as a break in service for purposes of determining eligibility and vesting.”

The Board shall consist of nine persons, which shall be constituted as follows:

- a. The fire chief, ex officio;
- b. The director of finance, ex officio;
- c. The director of human resources, ex officio;
- d. The city treasurer, ex officio;
- e. Four members to be elected by the members of the pension system with nominations and vote by secret written ballot, at an election supervised by the ex officio members of the board of trustees, for terms of three years each, respectively; provided however, one of the first three members so elected shall serve for one year, one member for two years, and the third member for three years from the date such pension system becomes operative, and thereafter all members so elected shall serve for terms of three years each, respectively; and
- f. One retiree member to be jointly appointed by Local 42 and Local 3808 of the International Association for Fire Fighters; provided however, the retiree member shall have all the rights and responsibilities of the trustees on the board, but non-voting, and therefore shall not be counted towards a quorum.

The Board is responsible for establishing or amending plan provisions. The Board issues publicly available financial reports that include financial statements and required supplementary information. The financial reports may be obtained by writing to:

Firefighters’ Pension System

The Retirement Division
City Hall-10th Floor
414 East 12th Street
Kansas City, Missouri 64106
Phone 816.513.1928

City of Kansas City, Missouri
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The Firefighters' Pension System's financial report can also be found at:

<http://kcmo.gov/humanresources/retirement-information>

The plan's fiduciary net position that is included in the net pension liability calculation and basis of accounting are consistent with those used by the Firefighters' Pension System's financial report.

At April 30, 2015, the measurement date for the year ended April 30, 2016, the following employees were covered by the benefit terms:

	Tier I Members	Tier II Members	Total
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	904	-	904
Current employees			
Vested	663	-	663
Nonvested	241	24	265
Inactive	2	-	2
Total	1,810	24	1,834

Benefits Provided

Benefit terms for the Plan are established in the City administrative code and can only be amended by the City Council. The Plan provides retirement, survivor, disability as well as pre-retirement death benefits as noted below:

Tier I Members

The Plan provides retirement benefits, for those employees hired before April 20, 2014 (Tier I Members). Members become vested for retirement benefits after 10 years of service. Members who retire with 25 years or more of creditable service are entitled to an annual pension of 2.5% of final average compensation multiplied by the number of years of creditable service, subject to a maximum limit of 80% of final compensation, as defined in the Plan.

If members terminate prior to retirement and before rendering 10 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to City contributions and are refunded their member contributions with interest. Such refunds result in the forfeiture of all other benefits under the Plan and are reduced by a service charge if the terminated employee has less than five years of service.

An automatic annual cost-of-living adjustment of 3.0%, non-compounded, per year is provided in the Plan. The Plan also provides for a minimum monthly payment of \$600 to all current and future service and disability retirees.

City of Kansas City, Missouri
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Tier II Members

The Plan provides retirement benefits, for those employees hired on or after April 20, 2014 (Tier II Members). Members become vested for retirement benefits after 10 years of service. Members who retire with 27 years or more of creditable service are entitled to an annual pension of 2.5% of final average compensation multiplied by the number of years of creditable service, subject to a maximum limit of 80% of final compensation, as defined in the Plan.

If members terminate prior to retirement and before rendering 10 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to City contributions and are refunded their member contributions with interest. Such refunds result in the forfeiture of all other benefits under the Plan and are reduced by a service charge if the terminated employee has less than five years of service.

An annual cost-of-living adjustment, not to exceed 2.5%, non-compounded, per year is provided in the Plan if the prior year funding ratio is equal to or greater than 80% and will be equal to the percentage increase in the prior 12 months of the final national consumer price index. The Plan also provides for a minimum monthly payment of \$600 to all current and future service and disability retirees.

Death Benefits

If an active member dies, the following benefits shall be paid:

A funeral benefit of \$2,000 to the spouse or named beneficiary.

To the member's spouse until death, a pension equal to one-half of the member's accrued pension, but not less than 25% of the member's average final compensation. The minimum monthly benefit is \$275 to all spouses. Certain benefit provisions have been established for deaths sustained in the performance of a member's duties, or deaths of active members prior to retirement who have achieved 25 years or more of creditable service.

To the member's children, an allowance of \$100 a month each until the attainment of age 18, unless certain conditions are met whereby benefits may continue.

To the member's designated beneficiary or estate, if there is no surviving spouse or qualifying child, any remaining member contributions and interest.

If a retired member dies, the following benefits shall be paid:

To the member's spouse until death, a retirement benefit equal to one-half of the member's normal retirement benefit.

To the member's designated beneficiary or estate, if there is no surviving spouse, any remaining member contributions and interest.

Disability Benefits

Disability benefits are available for members and are based on an average final compensation. The Plan provides for a minimum monthly payment of \$600 to all current and future disability retirees.

City of Kansas City, Missouri
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Health Care Subsidy

Effective May 1, 1991, the plan established a subsidy fund (subsidy). The City and active firefighters each contribute 2% and 1% of salary, respectively. Prior to April 1 of each year, the Board of Trustees of the plan establishes the dollar value of the monthly subsidy. The monthly subsidy for the year ended April 30, 2016 was \$430.

The subsidy is invested in both fixed income and equity securities and is stated at fair value. Investments totaled \$3,002,394 at April 30, 2016.

The actuarial valuations do not consider the subsidy's fiduciary net position, which at April 30, 2016 was \$3,002,394. According to the City ordinance that established the subsidy, if the fiduciary net position available for the subsidy is zero, the subsidy will no longer be available. For the year ended April 30, 2016, City contribution for the subsidy was \$2,638,425, and the employee contribution was \$595,939.

Contributions

Funding is provided by contributions from the Plan members, the City and earnings on investments. Members contribute 10.55% of their base salary and an additional 1% to fund the health insurance subsidy for the year ended April 30, 2016. The City's contribution is set by the City Council in conjunction with its approval of the City's annual budget, based on the actuarially determined contribution rate set by the Plan's consulting actuary.

Based upon the April 30, 2015 actuarial valuation, the actuary recommended a City contribution rate of 28.21%. The Board of Trustees recognized the City Council approved a scheduled City contribution rate of 27.91% from May 1, 2015 to June 30, 2015 and 30.01% from July 1, 2015 to April 30, 2016 of annual projected payroll. The City Council contributed 2% toward the health insurance subsidy for 2016.

The City's governing body has the authority to establish and amend the contribution requirements of the City and active employees. The governing body establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended April 30, 2016, employees contributed \$6,173,154 and the City contributed \$16,631,844 to the plan.

Net Pension Liability

The City's net pension liability as of April 30, 2016 was measured as of April 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 30, 2014 updated to April 30, 2015.

City of Kansas City, Missouri
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The total pension liability in the April 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	Ranges from 3.0% to 8.0%
Ad hoc cost of living adjustments	3.0%, simple
Investment rate of return	7.50%

Mortality rates were based on the RP-2000 Combined Mortality Table, as appropriate with adjustments for mortality improvements set forward one year for males and females with 5% of deaths assumed to be duty related for healthy individuals and set forth three years for disabled members.

The actuarial assumptions used in the April 30, 2015 valuations were based on the results of an actuarial experience study for the period 2007 – 2011 and showed that there were sufficient margins in the rates to provide for potential future improvements in mortality.

The investment return assumption of 7.50% was selected based upon an analysis that included (a) capital market assumptions provided by the investment consultant, (b) the asset allocation of the fund and (c) investment return assumptions of other public retirement systems.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	25%	9.41%
Non-U.S. Equity	15%	10.49%
Long/Short Equity	10%	8.73%
Global Equity	10%	9.69%
Fixed Income	30%	4.46%
Real Assets	10%	8.25%

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, which is the assumed long-term expected rate of return in plan investments. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position will be greater than or equal to the benefit payments projected for each future period. Benefit payments are projected through 2117.

City of Kansas City, Missouri
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Changes in the Net Pension Liability

Changes in the total pension liability, plan fiduciary net position and the net pension liability are:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, beginning of year	\$ 583,167,922	\$ 462,585,466	\$ 120,582,456
Changes for the year:			
Service cost	13,137,551	-	13,137,551
Interest	43,442,934	-	43,442,934
Contributions - employer	-	16,258,533	(16,258,533)
Contributions - employee	-	6,258,482	(6,258,482)
Net investment income	-	32,940,446	(32,940,446)
Benefit payments, including refunds of employee contributions	(34,761,116)	(34,761,116)	-
Administrative expense	-	(264,100)	264,100
Net changes	21,819,369	20,432,245	1,387,124
Balance, end of year	\$ 604,987,291	\$ 483,017,711	\$ 121,969,580

The net pension liability of the City has been calculated using a discount rate of 7.50%. The following presents the net pension liability using a discount rate 1% higher and 1% lower than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
City's net pension liability	\$ 196,927,875	\$ 121,969,580	\$ 59,093,940

City of Kansas City, Missouri
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Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended April 30, 2016, the City recognized pension expense for the Plan of \$16,611,348. At April 30, 2016, the City reported deferred outflows of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earning on pension plan investments	\$ 1,034,309
City's contributions made subsequent to the measurement date of the net pension liability	<u>16,631,844</u>
Total	<u><u>\$ 17,666,153</u></u>

At April 30, 2016, the City reported \$16,631,844 as deferred outflows of resources related to the Firefighters' Plan, resulting from City contributions subsequent to the measurement date and prior to year end that will be recognized as a reduction of net pension liability at April 30, 2017. Other amounts reported as deferred outflows of resources at April 30, 2016, related to the Firefighters' Plan, will be recognized in pension expense as follows:

2017	\$ 258,577
2018	258,577
2019	258,577
2020	<u>258,578</u>
	<u><u>\$ 1,034,309</u></u>

Payable to the Pension Plan

At April 30, 2016, the City reported a payable of \$643,346 for the outstanding amount of the legally required contributions to the pension plan for the year ended April 30, 2016.

3. Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri

Plan Description

The following summary description of the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri (the "Plan") provides only general information. Participants should refer to the Plan Statutes (Sections 86.1310 to 86.1640 RSMo) for a more complete description of the Plan's provisions.

City of Kansas City, Missouri
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The Plan is a contributory, single-employer defined benefit pension plan established by the State of Missouri’s General Assembly and administered by the Retirement Board of the Civilian Employees’ Retirement System of the Police Department of Kansas City, Missouri (the “Board”). The Board is composed of nine members, two are appointed by the Board of Police Commissioners, two are appointed by the City Council and five are elected by the membership of the Retirement Systems. The elected members must include one member of the Civilian Employees’ Retirement System, one member retired from active service in the Police Retirement System and one active member of the Police Retirement System who has not attained the rank of Sergeant or higher. Elections are held annually and Board members are elected to serve for three-year terms.

Employees Covered by Benefit Terms

At April 30, 2015, the measurement date for the year ended April 30, 2016, the following employees were covered by benefit terms:

	Tier I Members	Tier II Members	Total
Retirees and beneficiaries currently receiving benefits	235	-	235
Terminated members entitled to but not yet receiving benefits	27	-	27
Active members			
Vested	405	-	405
Nonvested	75	71	146
Total	742	71	813

Benefits Provided – Benefit terms for the Plan are established in Missouri Revised Statutes 86.1310 to 86.1640 and can only be amended by the Missouri General Assembly. The Plan provides retirement benefits, as well as pre-retirement death benefits, duty and non-duty related disability benefits, and termination benefits to civilian employees of the Kansas City, Missouri Police Department.

Service Retirement

Eligibility

Tier I member – Later of age 65 or member’s 10th anniversary of employment.

Tier II member – Later of age 67 or member’s 20th anniversary of employment.

Amount of Pension – Benefit equal to 2% of Final Compensation multiplied by years of creditable service.

City of Kansas City, Missouri
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Final Compensation

Tier I member – Average annual compensation during the two years of service with the highest salary, whether consecutive or otherwise, or during the entire period of service if less than two years.

Tier II member – Average annual compensation during the three years of service with the highest salary, whether consecutive or otherwise, or during the entire period of service if less than three years.

Early Retirement

Tier I member – Eligible for early retirement as follows:

- a) Beginning at age 55, if member has at least 10 years of creditable service. Pension computed as service retirement and then reduced by 0.50% for each month the benefit commences prior to the month following that in which the member turns age 60.
- b) Beginning at age 60, if member has at least five years of creditable service. Pension computed as service retirement and then reduced by 0.50% for each month the benefit commences prior to the month following that in which the member turns age 65.
- c) At any time after the member's age plus years of creditable service equals or exceeds 80 (Rule of 80). Pension computed as service retirement without reduction.

Tier II member – Eligible for early retirement as follows:

- a) Beginning at age 62, if member has at least five years of creditable service. Pension computed as service retirement and then reduced by 0.50% for each month the benefit commences prior to the month following that in which the member turns age 67.
- b) Beginning at age 62, if member has at least 20 years of creditable service. Pension computed as service retirement without reduction.
- c) At any time after the member's age plus years of creditable service equals or exceeds 85 (Rule of 85). Pension computed as service retirement without reduction.

Deferred Retirement (Vested Termination)

Eligibility – Five or more years of creditable service.

Amount of Pension – Computed as service retirement but based upon service, Final Compensation and benefit formula in effect at termination of employment. Benefits may begin at early retirement age, adjusted by applicable reductions.

City of Kansas City, Missouri
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Disability

Duty Disability Eligibility – A member in active service who has a total and permanent disability that prevents the member from engaging in any occupation or performing any work for remuneration or profit for the remainder of their life. The disability must be the direct result of performance of duties with the Police Department. No age or service requirement.

Amount of Pension – 50% of Final Compensation payable for the remainder of the member's life or as long as the permanent disability continues.

Non-Duty Disability Eligibility – A member in active service, with a minimum of 10 years of service, who has a total and permanent disability that prevents the member from engaging in any occupation or performing any work for remuneration or profit for the remainder of their life. Disability is not the direct result of performance of duties with the Police Department.

Amount of Pension – 30% of Final Compensation but in no event less than the amount the member would have been entitled to as a pension if the member had retired on the same date with equivalent age and creditable service. Disability benefits may be subject to offset or reduction by amounts paid or payable under any Workers' Compensation law. A disability retiree who is not age 60 may be required by the Retirement Board to undergo continuing eligibility reviews once every three years which may include a medical re-examination.

Death in Service (less than 20 years of service)

Eligibility – Death of an active member with at least five but less than 20 years of service.

Amount of Pension – 50% of the member's accrued pension payable to the surviving spouse for spouse's lifetime. The effective date shall be the later of the first day of the month after the member's death or what would have been the member's earliest retirement date.

Funeral Benefit - \$1,000 payable upon the death of an active member.

Death in Service (20 or more years of service)

Eligibility – Death of an active member with 20 or more years of service.

Amount of Pension – Surviving spouse may elect the greater of 50% of the member's accrued pension commencing as described above, or a monthly benefit determined on a joint and survivor's basis from the actuarial value of the member's accrued pension at date of death.

Funeral Benefit – \$1,000 payable upon the death of an active member.

Death After Retirement

Eligibility – Death of a retired member who was receiving a benefit.

Amount of Pension – Eligible surviving spouse receives a pension equal to 50% of the member's benefit at the time of actual retirement plus cost of living adjustments. Benefit is payable for the life of the surviving spouse.

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In lieu of the 50% surviving spouse death benefit, a member may elect, at the time of retirement, a reduced actuarially equivalent 100% surviving spouse annuity. In such case, the surviving spouse shall receive the same amount as the benefit being paid to the member and such benefit is payable for the life of the surviving spouse.

If the total amount paid to a member and surviving spouse is less than the member's accumulated contributions, with interest, an amount equal to the difference shall be paid to the member's named beneficiary.

Funeral Benefit – \$1,000 payable upon the death of a retired member.

Non-Vested Termination

Eligibility – Termination of employment and no pension is or will become payable.

Amount of Benefit – Refund of member's contributions with interest.

Post-Retirement Benefit Increases

Eligibility – Members and surviving spouses eligible if member's pension commenced by December 31 of prior calendar year.

Amount of Benefit – May receive an annual cost-of-living adjustment (COLA) an amount not to exceed 3% of their respective base pension. Base pension is the pension computed under the provisions of the law at the date of retirement, without regard to COLAs. The COLA is normally effective with the June 1st benefit payment. Statutes require that the Retirement Board must act upon the advice of a qualified actuary when granting cost of living adjustments.

Member Contributions

Five percent of base pay.

Supplemental Retirement Benefit

Retirement on or before August 28, 2007 – current retired and disabled members and their surviving spouses are eligible to receive the supplemental benefit of \$160 per month in addition to pension benefits.

Retirements after August 28, 2007 – current and future retired and disabled members and their surviving spouses are eligible to receive the supplemental benefit of \$160 per month if the member had 15 years of creditable service.

Optional Form of Benefit Payment

Members retiring with at least one or more years of service beyond their eligible retirement date may elect to take a portion of their benefit as a lump-sum distribution (PLOP). Members electing PLOP will receive an actuarially reduced monthly benefit for their lifetime.

Social Security and Medicare

Tier I member – Members participate in Social Security and Medicare.

City of Kansas City, Missouri
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Tier II member – Members participate in Social Security and Medicare.

Contributions

The Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri has a special funding situation. The Kansas City Board of Police Commissioners is the employer, but the City of Kansas City, Missouri is a nonemployer entity solely responsible for the contributions to the system, as set forth in Section 86.1390 of Missouri state statutes.

State statutes set out the funding requirements for the plan, which can only be amended by the Missouri General Assembly. The Retirement Board establishes a rate based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the employer actuarially determined contribution rate. For the year ended April 30, 2016, active members contributed at a rate of 5% of base pay, and the City contributed at a rate of 17.97% of annual projected payroll. For the year ended April 30, 2016, employees contributed \$1,287,388 and the City contributed \$5,048,167.

Net Pension Liability

The City's net pension liability as of April 30, 2016 was measured as of April 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation prepared as of April 30, 2014, rolled forward one year using standard actuarial techniques.

An actuary from Cavanaugh Macdonald Consulting, LLC determines the total pension liability. The total pension liability as of April 30, 2015 was determined based on an actuarial valuation prepared as of April 30, 2014, rolled forward one year to April 30, 2015, using the following actuarial assumptions:

Inflation	3.00%
Salary increases, including inflation	3.75% to 7.75%
Long-term investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience study, which covered the 5-year period ending April 30, 2012. The experience study report is dated October 3, 2013.

For purposes of calculating the total pension liability, future ad hoc COLAs of 2.5% (simple COLA) were assumed to be granted in all future years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by

City of Kansas City, Missouri
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weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimates arithmetic real rates of return for each major asset class included the plan's target asset allocation as of April 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.0%	5.3%
Fixed Income	30.0%	1.0%
Real Return	5.0%	3.2%
Real Estate	10.0%	4.3%
Hedge Fund of Fund	9.0%	4.0%
Global Tactical Asset Allocation	6.0%	4.0%
Private Equity	5.0%	8.0%

Discount Rate

The discount rate used to measure the total pension liability was 7.23% (7.34% in the prior year). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the employer actuarially determined contribution rate. Based on the assumptions, the plan's fiduciary net position is projected to be available to make projected future benefit payments to current plan members through 2072. Therefore, the long-term expected rate of return on plan investments of 7.50% was applied to the period of projected benefit payments before 2072 and the Municipal Bond Index Rate of 3.51% was applied to periods on or after 2072, resulting in a single equivalent interest rate of 7.23%.

There was a change in the Municipal Bond Index Rate from the prior measurement date from 4.35% to the current rate of 3.51%.

The Civilian Employees' Retirement System's financial report can also be found at:

<http://www.kcpers.org/default.aspx/MenuItemID/134/MenuGroup/Publications.htm>

City of Kansas City, Missouri
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Changes in the Net Pension Liability

Changes in the total pension liability, plan fiduciary net position and the net pension liability are:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, beginning of year	\$ 157,964,859	\$ 117,341,038	\$ 40,623,821
Changes for the year:			
Service cost	4,403,101	-	4,403,101
Interest	11,366,771	-	11,366,771
Assumption/single equivalent interest rate changes	2,318,394	-	2,318,394
City of Kansas City, MO contributions	-	4,930,686	(4,930,686)
Contributions - employee	-	1,323,061	(1,323,061)
Net investment income	-	6,779,599	(6,779,599)
Benefit payments, including refunds of employee contributions	(6,320,353)	(6,320,353)	-
Administrative expense	-	(112,924)	112,924
Net changes	<u>11,767,913</u>	<u>6,600,069</u>	<u>5,167,844</u>
Balance, end of year	<u>\$ 169,732,772</u>	<u>\$ 123,941,107</u>	<u>\$ 45,791,665</u>

The net pension liability of the City has been calculated using a discount rate of 7.23%. The following presents the net pension liability using a discount rate 1% higher and 1% lower than the current rate.

	1% Decrease	Current	1% Increase
	6.23%	Discount Rate	8.23%
	6.23%	7.23%	8.23%
City's net pension liability	\$ 69,190,263	\$ 45,791,665	\$ 26,323,501

City of Kansas City, Missouri
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Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended April 30, 2016, the City recognized pension expense on the Plan of \$6,453,806. At April 30, 2016, the City reported deferred outflows of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>
Change of assumptions	\$ 2,033,229
Net difference between projected and actual earning on pension plan investments	1,611,494
City's contributions made subsequent to the measurement date of the net pension liability	<u>5,048,167</u>
Total	<u><u>\$ 8,692,890</u></u>

At April 30, 2016, the City reported \$5,048,167 as deferred outflows of resources related to the Civilian Employees' Retirement System resulting from the City contributions subsequent to the measurement date and prior to year end that will be recognized as a reduction of net pension liability at April 30, 2017. Other amounts reported as deferred outflows of resources at April 30, 2016 related to the Plan will be recognized in pension expense as follows:

2017	\$ 688,038
2018	688,038
2019	688,038
2020	688,040
2021	285,165
Thereafter	<u>607,404</u>
	<u><u>\$ 3,644,723</u></u>

City of Kansas City, Missouri
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4. Police Retirement System of Kansas City, Missouri

Plan Description

The following summary description of the Police Retirement System of Kansas City, Missouri (the “Plan”) provides only general information. Participants should refer to the Plan Statutes (Sections 86.900 to 86.1280 RSMo) for a more complete description of the Plan’s provisions.

The Plan is a contributory, single-employer defined benefit pension plan established by the State of Missouri’s General Assembly and administered by the Retirement Board of the Police Retirement System of Kansas City, Missouri (the “Board”). The Board is composed of nine members, two are appointed by the Board of Police Commissioners, two are appointed by the City Council and five are elected by the membership of the Retirement Systems. The elected members must include one member of the Civilian Employees’ Retirement System, one member retired from active service in the Police Retirement System and one active member of the Police Retirement System who has not attained the rank of Sergeant or higher. Elections are held annually and Board members are elected to serve for three-year terms.

Police Officers’ Covered by Benefit Terms

At April 30, 2015, the measurement date for the year ended April 30, 2016, the following police officers’ were covered by benefit terms:

	Tier I Members	Tier II Members	Total
Retirees and beneficiaries currently receiving benefits	1,274	-	1,274
Terminated members entitled to but not yet receiving benefits	22	-	22
Active members			
Vested	633	-	633
Nonvested	601	103	704
Total	2,530	103	2,633

Benefits Provided – Benefit terms for the Plan are established in Missouri Revised Statutes 86.900 to 86.1280 and can only be amended by the Missouri General Assembly. The Plan provides retirement benefits, as well as pre-retirement death benefits, duty and non-duty related disability benefits and termination benefits to sworn law enforcement employees of the Kansas City, Missouri Police Department.

Service Retirement

Eligibility

Tier I member – 25 years of service, without regard to age, or at age 60 with at least 10 years of service.

City of Kansas City, Missouri
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Tier II member – 27 years of service, without regard to age, or at age 60 with at least 15 years of service. All members must retire at the completion of 35 years of service, or at age 65, whichever occurs first.

Amount of Pension – For a member retiring prior to August 28, 2000, benefit equal to 2% of Final Compensation multiplied by years of creditable service, subject to a maximum benefit of 60% of Final Compensation.

For a member retiring on or after August 28, 2000 and before August 28, 2013, benefit equal to 2.5% of Final Compensation multiplied by years of creditable service, subject to a maximum benefit of 75% of Final Compensation.

For a member retiring on or after August 28, 2013, benefit equal to 2.5% of Final Compensation multiplied by years of creditable service, subject to a maximum benefit of 80% of Final Compensation.

Final Compensation

Tier I member – Average annual compensation during the two years of service with the highest salary, whether consecutive or otherwise, or during the entire period of service if less than two years.

Tier II member – Average annual compensation during the three years of service with the highest salary, whether consecutive or otherwise, or during the entire period of service if less than three years.

Deferred Retirement (Vested Termination)

Eligibility – 15 years of creditable service.

Tier I member – Benefit begins at age 55.

Tier II member – Benefit begins at age 60.

Amount of Pension – Computed as service retirement but based on service, Final Compensation and benefit formula in effect at termination of employment. Benefits are unreduced.

Disability

Duty Disability Eligibility – A member in active service who has become permanently unable to perform the full and unrestricted duties of a police officer, as determined by the Board of Police Commissioners, as the exclusive result of an accident or disease occurring in the line of duty.

Amount of Pension – For a member retiring on or after August 28, 2001 and before August 28, 2013, benefit equal to 75% of Final Compensation payable for life or as long as the permanent disability continues.

For a member retiring on or after August 28, 2013, benefit equal to 80% of Final Compensation payable for life or as long as the permanent disability continues.

City of Kansas City, Missouri
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Non-Duty Disability Eligibility – A member in active service, with a minimum of 10 years of service, who has become permanently unable to perform the full and unrestricted duties of a police officer as determined by the Board of Police Commissioners. Disability is not exclusively caused by the actual performance of official duties.

Amount of Pension – 2.5% of Final Compensation multiplied by years of creditable service payable for life or as long as the permanent disability continues.

Disability benefits may be subject to offset or reduction by amounts paid or payable under any Workers' Compensation law. A disability retiree who is not age 60 may be required by the Retirement Board to undergo continuing eligibility reviews once every three years which may include a medical re-examination.

Death in Service – Duty or Non-Duty

Eligibility – Benefit payable to a surviving spouse, if any, upon the death of an active member. Benefit payable for the life of the surviving spouse. If there is no surviving spouse, benefit payable to an eligible child or children in equal shares until age 18. No service requirement.

Amount of Pension – 40% of Final Compensation payable to surviving spouse for life.

Child Benefit – \$600 annually for each child under the age of 18, if any, until the child reaches age 18 or age 21, if a full time student. A child who is mentally or physically incapacitated from wage earning at the time of a member's death shall qualify, without regard to age, for life or so long as the incapacity existing at time of member's death continues.

Funeral Benefit – \$1,000 payable upon the death of an active member.

Line of Duty Death

Eligibility – Benefit payable to a surviving spouse. If no surviving spouse, benefit payable to children under age 21 or children over age 21 if mentally or physically incapacitated from wage earning, in equal shares. Death resulting from performance of official duties; no service requirement.

Amount of Benefit – In addition to benefits payable under Death in Service shown above, a lump sum of \$50,000.

Death After Retirement

Eligibility – Benefit payable to an eligible surviving spouse, if any, upon the death of a retired member. Benefit payable for the life of the surviving spouse. If there is no surviving spouse, benefit payable to an eligible child or children in equal shares until age 18.

Amount of Pension –

Tier I member – Benefit equal to 80% of the straight life pension the deceased member was receiving at time of death.

City of Kansas City, Missouri
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Tier II member – Benefit equal to 50% of the straight life pension the deceased member was receiving at time of death. In lieu of the 50% surviving spouse benefit, a Tier II member may elect, at the time of retirement, a reduced actuarially equivalent annuity of either a 75% or 100% surviving spouse benefit.

Funeral Benefit – \$1,000 payable upon the death of a retired member.

Non-Vested Termination

Eligibility – Termination of employment and no pension is or will become payable.

Amount of Benefit – Refund of member's contributions without interest.

Minimum Pension Benefit

Eligibility – Any retired member who is entitled to a pension benefit and who either has at least 25 years of creditable service or is retired as a result of an injury or illness. A surviving spouse qualifies for the minimum monthly benefit if the member had at least 25 years of creditable service, died in service or was retired as a result of an injury or illness.

Amount of Benefit – Minimum monthly benefit of not less than \$600 in combined pension benefit and cost-of-living adjustments. The minimum monthly pension benefit is in addition to the Supplemental Retirement Benefit.

Post-Retirement Benefit Increases

Eligibility –

Tier I members and surviving spouses – Member's pension must have commenced by December 31 of prior calendar year.

Tier II members and surviving spouses – Service retirements generally eligible in the year following the year in which member would have attained thirty-two years of service. Duty Disability retirements eligible in year following retirement. Non-duty Disability retirements eligible earlier of year following fifth year after retirement or year following the year in which they would have attained thirty-two years of service. Surviving spouses of retired members eligible at same time member would have been if living.

Amount of Benefit – May receive an annual cost-of-living adjustment (COLA) in an amount not to exceed 3% of their respective base pension. Base pension is the pension computed under the provisions of the law at the date of retirement, without regard to COLAs. The COLA is normally effective with the May 31st benefit payment.

Statutes require that the Retirement Board must act upon the advice of a qualified actuary when granting cost-of-living adjustments.

City of Kansas City, Missouri
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Supplemental Retirement Benefit

Tier I member – Current and future retired and disabled members and their surviving spouses are eligible to receive \$420 per month in addition to pension benefits.

Tier II member – Current and future retired and disabled members and their surviving spouses are eligible to receive \$200 per month in addition to pension benefits.

Optional Form of Benefit Payment

Tier I member – Member retiring with at least 26 or more years of service may elect to take a portion of their lifetime benefit as a lump-sum distribution (PLOP).

Tier II member – Member retiring with at least 28 or more years of service may elect to take a portion of their lifetime benefit as a lump-sum distribution (PLOP). Members electing PLOP will receive an actuarially reduced monthly benefit for their lifetime.

Social Security and Medicare

Tier I member – Members do not participate in Social Security although members hired after 1986 do contribute to Medicare.

Tier II member – Members do not participate in Social Security but do contribute to Medicare.

Contributions

The Police Retirement System of Kansas City, Missouri has a special funding situation. The Kansas City Board of Police Commissioners is the employer, but the City of Kansas City, Missouri is a nonemployer entity solely responsible for the contributions to the system as set forth in Section 86.1000.1 of State Statutes.

State statutes set out the funding requirements for the plan, which can only be amended by the Missouri General Assembly. The Retirement Board establishes a rate based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the employer actuarially determined contribution rate. For the year ended April 30, 2016, active members contributed at a rate of 11.55% of base pay, and the City contributed at a rate of 27.33% of annual projected payroll. In addition, the City was obligated to make contributions of \$200 per month of supplemental benefit for eligible members. For the year ended April 30, 2016, employees contributed \$10,748,236 and the City contributed \$30,272,063.

Net Pension Liability

The City's net pension liability as of April 30, 2016 was measured as of April 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 30, 2014 rolled forward to April 30, 2015.

City of Kansas City, Missouri
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The total pension liability in the April 30, 2015 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	3.00%
Wage inflation	3.75%
Salary increases, including wage inflation	3.75% to 8.75%
Active member payroll growth	3.75% per year, compounded annually
Investment rate of return	7.50%, net of pension plan investment expense, compounded annually

Mortality rates were based on the RP-2000 Healthy Annuitant Table using Scale AA to model future mortality improvement for healthy individuals, RP-2000 Healthy Annuitant Tables set forward five years using Scale AA to model future mortality improvement for disabled retirees, and RP-2000 Employee Table using Scale AA to model future mortality improvement for active employees.

The actuarial assumptions used in the April 30, 2015 valuations were based on the results of an actuarial experience study for the five year period ending April 30, 2012. The experience study report is dated October 3, 2013.

For purposes of calculating the total pension liability, future ad hoc COLAs of 2.5% (simple COLA) were assumed to be granted in all future years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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. Best-estimates arithmetic real rates of return for each major asset class included the plan's target asset allocation as of April 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.0%	5.3%
Fixed Income	30.0%	1.0%
Real Return	5.0%	3.2%
Real Estate	10.0%	4.3%
Absolute Return	15.0%	4.0%
Private Equity	5.0%	8.0%

City of Kansas City, Missouri
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Discount Rate

The discount rate used to measure the total pension liability was 7.25% (7.36% in prior year). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the employer actuarially determined contribution rate. Based on the assumptions, the plan's fiduciary net position is projected to be available to make projected future benefit payments to current plan members through 2072. Therefore, the long-term expected rate of return on plan investments of 7.50% was applied to the period of projected benefit payments before 2072 and the Municipal Bond Index Rate of 3.51% was applied to periods on or after 2072, resulting in a single equivalent interest rate of 7.25%.

There was a change in the Municipal Bond Index Rate from the prior measurement date from 4.35% to the current rate of 3.51%.

The Police Retirement System's financial report can be found at:

<http://www.kcpers.org/default.aspx/MenuItemID/134/MenuGroup/Publications.htm>

Changes in the Net Pension Liability

Changes in the total pension liability, plan fiduciary net position and the net pension liability are:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance, beginning of year	\$ 1,062,680,857	\$ 763,076,453	\$ 299,604,404
Changes for the year:			
Service cost	26,900,131	-	26,900,131
Interest	76,210,579	-	76,210,579
Assumption/single equivalent interest rate changes	14,987,963	-	14,987,963
City of Kansas City, MO contributions	-	28,933,261	(28,933,261)
Contributions - employee	-	10,874,921	(10,874,921)
Net investment income	-	46,951,094	(46,951,094)
Benefit payments, including refunds of employee contributions	(55,405,669)	(55,405,669)	-
Administrative expense	-	(549,742)	549,742
Net changes	62,693,004	30,803,865	31,889,139
Balance, end of year	\$ 1,125,373,861	\$ 793,880,318	\$ 331,493,543

City of Kansas City, Missouri
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The net pension liability of the City has been calculated using a discount rate of 7.25%. The following presents the net pension liability using a discount rate 1% higher and 1% lower than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
City's net pension liability	\$ 483,868,145	\$ 331,493,543	\$ 206,184,407

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the period ended April 30, 2016, the City recognized pension expense for the Police Plan of \$40,395,777. At April 30, 2016, the City reported deferred outflows of resources, related to the Plan, from the following sources:

	Deferred Outflows of Resources
Change of assumptions	\$ 12,678,570
Net difference between projected and actual earning on pension plan investments	7,748,053
City's contributions made subsequent to the measurement date of the net pension liability	<u>30,272,063</u>
Total	<u><u>\$ 50,698,686</u></u>

At April 30, 2016, the City reported \$30,272,063 as deferred outflows of resources related to the Plan resulting from City contributions subsequent to the measurement date and prior to year end that will be recognized as a reduction of net pension liability at April 30, 2017. Other amounts reported as deferred outflows of resources at April 30, 2016, related to the Plan, will be recognized in pension expense as follows:

2017	\$ 4,246,406
2018	4,246,406
2019	4,246,406
2020	4,246,407
2021	2,309,393
Thereafter	<u>1,131,605</u>
	<u><u>\$ 20,426,623</u></u>

City of Kansas City, Missouri
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Note 11: Postemployment Benefits Other than Pensions

City of Kansas City, Missouri

Effective May 1, 2007, the City of Kansas City, Missouri (the City), adopted Governmental Accounting Standard Board Statement No. 45 (GASB 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, (OPEB)*. This statement requires the accounting for the annual cost of other postemployment benefits and the related outstanding liability using an actuarial approach similar to pensions. The City implemented GASB 45 prospectively (zero net obligation at transition).

Plan Description

The City sponsors a single-employer, defined benefit healthcare plan that provides health care benefits to retirees' and their dependents, including medical and pharmacy coverage.

The City requires the retirees to pay 100% of the same medical premium charged to active participants. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these amounts is the implicit rate subsidy, which is considered an OPEB under GASB 45.

Retirees and spouses have the same benefits as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches Medicare eligibility age, which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age or dies.

Funding Policy

GASB Statement No. 45 does not require funding of the OPEB liability and at this time, the liability for the City is unfunded. Contributions are made to the plan on a pay-as-you-go basis.

For the year ended April 30, 2016, retirees receiving benefits contributed \$6,646,371 for current premiums (approximately 52.57% of total aged adjusted premiums based on implied City contributions of \$5,997,010), through their required contracted amount paid to the Health Care Trust Fund of Kansas City for the plan of the retirees' choosing. Total age adjusted premiums for the year were \$12,643,381.

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Annual OPEB Cost and NET OPEB Obligation

The City's annual OPEB cost is calculated on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's net OPEB obligation.

Normal cost	\$	(4,016)
Amortization of unfunded actuarial accrued liability		(5,875)
Interest on net OPEB obligation		(3,096)
Adjustment to annual required contribution		4,132
Annual OPEB cost		(8,855)
Contributions made (employer)		5,997
Change in net OPEB obligation		(2,858)
Net OPEB obligation, beginning of year		(68,809)
Net OPEB obligation, end of year	\$	(71,667)

The Employee/Firefighter annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years indicated were as follows:

Fiscal Year Ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB (Obligation)
4/30/2014	\$ 9,955	68%	\$ (66,928)
4/30/2015	8,730	78%	(68,809)
4/30/2016	8,855	68%	(71,667)

The net OPEB obligation as of April 30, 2016, is reported in the following activity and funds (*in thousands*):

Governmental Activity	\$	(56,584)
Water Fund		(5,404)
Airports Fund		(5,117)
Sewer Fund		(4,562)
Total	\$	(71,667)

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Funded Status and Funding Progress

As of May 1, 2014, the most recent actuarial valuation date, the Plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$97.8 million and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$97.8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$227.0 million, and the ratio of UAAL to the covered payroll was 43.1 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the May 1, 2014 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets (of which there are none) and on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of 8.5-7.5 percent annually, reduced by decrements to an ultimate rate of 4.5% after nine years. The assumed inflation rate is 3%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2014 was thirty years.

City of Kansas City, Missouri
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The rates of salary increases used for individual members are in accordance with the following table:

Sample Ages	% Increase in Salary at Sample Ages-Employees		
	Merit & Seniority	Base (Economic)	Increase Next Year
20	4.00	4.00	8.00
25	3.00	4.00	7.00
30	2.50	4.00	6.50
35	1.50	4.00	5.50
40	1.00	4.00	5.00
45	1.00	4.00	5.00
50	0.50	4.00	4.50

Sample Ages	% Increase in Salary at Sample Ages-Firefighters		
	Merit & Seniority	Base (Economic)	Increase Next Year
20	5.00	3.00	8.00
25	3.00	3.00	6.00
30	2.00	3.00	5.00
35	1.00	3.00	4.00
40	0.50	3.00	3.50
45	0.50	3.00	3.50
50	0.50	3.00	3.50
55	0.50	3.00	3.50
60	5.00	3.00	8.00

Kansas City Board of Police Commissioners

Plan Description

The Kansas City, Missouri Board of Police Commissioners (the Board) sponsors a single-employer, defined benefit healthcare plan that provides health care benefits to Department retirees' and their dependents, including medical and pharmacy coverage. Participants include police and civilian members of the Department.

Retirees (including an elected coverage for spouses and dependents) are eligible for the same benefits as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, when the retiree elects to participate in Medicare or dies. Retirees have the option of utilizing the Department's health care plan as secondary coverage to

City of Kansas City, Missouri
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Medicare benefits. Additionally, retirees have a one-time option, before the age of 65, to rejoin the plan should they ever terminate coverage.

Under Governmental Accounting Standards Board Statement (GASB) No. 45, the difference between the premium rate charged to retirees and the estimated rate that would be applicable to those retirees if acquired of them as a separate group is an implicit rate subsidy, which is considered an other postemployment benefits (OPEB) under the standard.

Annual OPEB Cost and NET OPEB Obligation

The annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize the unfunded actuarial liability over a period not to exceed thirty years. The following table shows components of the Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation.

Normal cost	\$	(2,835)
Amortization of unfunded actuarial accrued liability		(2,780)
Interest on net OPEB obligation		(1,146)
Adjustment to annual required contribution		1,529
Annual OPEB cost		(5,232)
Contributions made (employer)		1,194
Change in net OPEB obligation		(4,038)
Net OPEB obligation, beginning of year		(25,455)
Net OPEB obligation, end of year	\$	(29,493)

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 were as follows:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB (Obligation)
4/30/2014	\$ 6,525	19%	\$ (21,387)
4/30/2015	5,185	22%	(25,455)
4/30/2016	5,232	23%	(29,493)

Funded Status and Funding Progress

GASB Statement No. 45 does not require funding of an OPEB liability and, at this time, the liability is unfunded. Contributions are made to the plan on a pay-as-you-go basis.

City of Kansas City, Missouri
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As of April 30, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$46.3 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$46.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$114.1 million, and the ratio of UAAL to the covered payroll was 41 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information following the notes to the basic financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2014 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual health care cost trend rate, reduced by decrements to an ultimate rate of 4.5 percent after 11 years. The inflation rate is assumed to be 3%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2014 was 30 years.

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The rates of salary increases used for individual members are in accordance with the following table:

% Increase in Salary at Sample Services-Police			
Years of Service	Merit & Seniority	Base (Economic)	Increase Next Year
0	5.75	4.00	9.75
1	5.50	4.00	9.50
2	4.50	4.00	8.50
3	4.00	4.00	8.00
4	4.00	4.00	8.00
5	4.00	4.00	8.00
6	3.90	4.00	7.90
7	3.80	4.00	7.80
8	3.70	4.00	7.70
9	3.60	4.00	7.60
10	3.50	4.00	7.50
11	2.80	4.00	6.80
12	2.10	4.00	6.10
13	1.40	4.00	5.40
14	0.70	4.00	4.70
15 & Over	0.00	4.00	4.00

City of Kansas City, Missouri
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Years of Service	% Increase in Salary at Sample Services-Civilians		
	Merit & Seniority	Base (Economic)	Increase Next Year
0	5.75	4.00	9.75
1	4.75	4.00	8.75
2	3.75	4.00	7.75
3	2.75	4.00	6.75
4	2.25	4.00	6.25
5	2.10	4.00	6.10
6	2.00	4.00	6.00
7	1.90	4.00	5.90
8	1.80	4.00	5.80
9	1.70	4.00	5.70
10	1.60	4.00	5.60
11	1.48	4.00	5.48
12	1.36	4.00	5.36
13	1.24	4.00	5.24
14	1.12	4.00	5.12
15	1.00	4.00	5.00
20	0.55	4.00	4.55
25	0.25	4.00	4.25

Note 12: Commitments and Contingencies

Purchase and Construction Commitments

At April 30, 2016, encumbrance balances for purchases and construction contract commitments, including obligations for capital outlay, by major fund and nonmajor governmental funds in the aggregate were *(in thousands)*:

Fund	Amount
General	\$ 5,989
Capital improvements	38,644
Nonmajor governmental	58,488
Water	56,113
Kansas City Airports	57,700
Sewer	110,540
Total	\$ 327,474

City of Kansas City, Missouri
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Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self-insured for workers' compensation and general liability exposures. The general fund (the Fund) is used to account for these exposures. The City has purchased insurance to limit the exposure to \$1,000,000 on workers' compensation claims per occurrence occurring prior to fiscal year 1997, \$500,000 exposure for all claims originating in fiscal year 1997, \$400,000 exposure for all claims originating in fiscal year 1998, \$2,000,000 exposure for all claims originating in fiscal years 2003 through 2007, and \$1,000,000 exposure for all claims originating in fiscal years 2008 through 2011, and \$2,000,000 for all claims originating thereafter. The City also purchases an excess liability policy to cover torts, which are not barred by sovereign immunity. The policy has a \$5,400,000 retention and a \$10,000,000 loss limit. Current sovereign tort immunity statutes and law limit general liability and automobile claim exposure to a maximum of \$409,123 per person and \$2,727,489 per occurrence. Settled claims have not exceeded the self-insured retention in any of the past three fiscal years.

The City also maintains commercial insurance coverage for those areas not covered by the City's self-insurance programs, such as excess general liability, property, cyber and auto. Settled claims have not exceeded commercial insurance coverage for the past three years.

All funds of the City participate in the program and make payments to the Fund based on estimates of the amounts needed to pay prior and current year claims. The claims liability of \$55,344,887, \$11,068,501, \$5,772,528 and \$2,895,085 for the governmental activities and the Water, Sewer and Kansas City Airports funds, respectively, at April 30, 2016 is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The total claims liability reported in the governmental activities and business-type activities are as follows (*in thousands*):

	Beginning of Year	Current Claims and Estimate Changes	Claim Payments	End of Year	Due Within One Year
2016	\$ 71,143	\$ 23,890	\$ 19,952	\$ 75,081	\$ 19,784
2015	62,619	32,920	24,396	71,143	17,121
2014	54,367	30,410	22,158	62,619	14,638

Federal Grant Funds

Use of federal, state and locally administered grant funds is subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grant.

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The Department of Homeland Security—Office of Inspector General (OIG) did audit certain public assistance funds awarded to the City. The City received a pass-through award of \$28.44 million from the State of Missouri, State Emergency Management Agency (SEMA), a Federal Emergency Management Agency (FEMA) grantee for damages resulting from a severe winter ice storm that took place on January 29, 2002.

The audit was issued on July 28, 2006 to the Regional Director of FEMA Region VII and has questioned \$9,301,699 of previously reimbursed costs to the City. The audit recommends that the Regional Director disallow the full \$9,301,699. The Regional Director has not provided a response to the audit.

The City has decided to not further contest questioned costs of \$874,100 and has recorded this amount as a liability in the financial statements. The City believes that it is reasonably possible that additional amounts may be owed; however, since the Regional Director has not responded to the audit findings, the amount and outcome cannot be reasonably estimated and no additional liability has been recorded.

Memorandum of Agreement with the U.S. Department of Housing and Urban Development (HUD)

On April 1, 2013, the City entered into a Memorandum of Agreement with the Housing and Urban Development (“HUD”) to establish performance measures by which HUD will evaluate the City in its efforts to develop, or cause the development of, the properties funded in whole or in part with funds under the Community Development Block Grant (“CDBG”) and HOME Investment Partnerships (“HOME”) programs that are currently held, or were previously held, by the Housing and Economic Development Financial Corporation (HEDFC); now currently under federal receivership in the case styled *City of Kansas City, Missouri v. Housing and Economic Development Financial Corporation* (Case No. 05-00368-CV-W-GAF) pending in the U.S. District Court for the Western District of Missouri, Western Division.

The purpose of this Memorandum of Agreement was to identify specific corrective action the City must undertake in order to resolve deficiencies related to its capacity and ability to effectively and efficiently administer formula grant funds in compliance with federal requirements and in accordance with the City’s Consolidated Plan.

On March 31, 2005, HUD issued a Limited Denial of Participation (“LDP”) to HEDFC, the City’s largest subrecipient, for various violations of HUD regulations. On April 21, 2005, the City filed a Complaint against HEDFC in the U.S. District Court for the Western District of Missouri (“the Court”) seeking an order to compel HEDFC to return the CDBG and HOME program income and CDBG and HOME-derived assets it was holding. Seeking a declaratory judgment regarding the effect of the LDP, HUD was also named as a defendant in that suit.

At the request of the City and HUD, the court appointed a receiver on May 16, 2005 to oversee the daily operations of HEDFC and to take possession and control of all assets of HEDFC. Under the supervision of the Court, the City, the Receiver and HUD have been collaborating in order to develop, transfer or liquidate the remaining HEDFC assets in a manner that accords with HUD’s program requirements. An important document created by the City was its reBuildKC/ Neighborhoods (“reBuildKC”) plan in 2010, which serves as a master guideline for specific actions the City has committed to undertake in addressing the HEDFC assets, identifying a five-year

City of Kansas City, Missouri
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development strategy, re-connecting with local nonprofit and profit partners and in adding capacity for the housing department.

As a result of these efforts, the City accepted the transfer and loan servicing responsibilities of all the remaining loans in HEDFC's loan portfolio. In addition, a number of HEDFC-owned properties once under receivership are now in some phase of development. Through these activities and despite a difficult lending and development environment, the City has identified developers, whom HUD has approved, who will develop projects representing total investments of over \$138 million. HUD and the City agree that there are HEDFC assets which have not been brought into compliance with HUD program requirements.

HUD and the City have listed a series of projects, parcels of real properties and activities that will be developed or completed in compliance with HUD's regulations and requirements. These are referred to as Time Sensitive Performance Measures and consist of three benchmarks regarding when these projects must be completed.

If HUD determines that the City has failed to meet a performance deadline, HUD will, after adhering to applicable notice and procedural requirements, advise or instruct the City to use non-federal funds to reimburse its CDBG or HOME program accounts. Upon receipt of such advice, the City agrees to reimburse those program accounts for the full repayment amount. The total value of the projects still not in compliance with HUD's program requirements, and thus subject to repayment if the City has failed to meet a performance deadline is \$6.4 million as of April 30, 2016. The City does not believe that any of this amount will be subject to repayment by use of non-federal funds.

City of Kansas City, Missouri Overflow Control Program (OCP)

In 2003, the City Council directed the City Manager to prepare a long range plan to manage wet weather flow in both the separate and combined sewer systems within the city. In response, Kansas City Water Services prepared an Overflow Control Plan (the "Plan"). Creation of the Plan was driven by requirements of the federal Clean Water Act and by policies of the United States Environmental Protection Agency (EPA) and Missouri Department of Natural Resources (MDNR) related to sewer infrastructure. The Plan is structured to prevent as much stormwater as practicable from entering the combined sewer system and separate sewer system to reduce sewer overflows and provide a platform to facilitate implementation of a comprehensive green solutions initiative in the city.

Kansas City's Plan was developed to meet regulatory requirements related to reducing wet-weather overflows from the combined sewer system and preventing overflows from the separate sewer system. The City and its regulatory partners have agreed to meet those objectives over a 25-year time period by completing a planned list of improvements targeted at capturing for treatment 88 percent of combined sewer flows and eliminating sanitary sewer overflows during a five-year, twenty-four hour rainfall event. Individual elements of the City's Overflow Control Program (OCP) became part of an enforceable document on September 27, 2010, with the entry of a Consent Decree in United States District Court for the Western District of Missouri. To date, the City has fulfilled all requirements set forth in the Consent Decree.

City of Kansas City, Missouri
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Beginning in mid-2013, Water Services and its Overflow Control Program team members worked with EPA to modify specific components of the control measure implementation schedule to allow sufficient time for the City to better determine the sizing of any necessary infrastructure investments for control of sewer overflows in the Blue River South Basin prior to initiating construction. EPA approved these changes in November 2014. The modifications also resulted in the strategic advancement of several other projects that are intended to reduce the frequency of overflow events in the combined sewer system and to reduce the amount of excessive inflow and infiltration into the City's separate system.

The current estimated capital cost of this control plan is projected to cost approximately \$4.5 billion with estimated inflation at the end of the 25-year timeframe. In addition, there is expected to be a \$72 million increase in annual expenditures for operation and maintenance. It is anticipated that this Plan will be funded primarily from the City's sewer fund, which is separate from the general fund. The City does not anticipate that the City's general fund will be relied upon to assist in the financing of the Plan. As implementation of the Plan continues, specific financing strategies to offset the cost will be evaluated and implemented, which could include appropriation of monies from the City's general fund.

The Overflow Control Program contains some 121 overflow control measure projects to be implemented over the 25 year implementation period. The program is currently on schedule and on budget with Water Services having completed 16 projects and currently implementing 44 projects.

The consent decree can be found at:

<http://www.kcmo.org/idc/groups/public/documents/waterservices/consentdecree.pdf>

Litigation

On December 1, 2009, BBA US Holdings, Inc. ("BBA") and its subsidiary, Executive Beechcraft, Inc. ("Executive Beechcraft"), filed a petition in the Circuit Court of Jackson County, Missouri, (Case No. 0916CV-36906) against the City and other defendants relating to a transaction involving BBA's acquisition of Topeka Aircraft, Inc. (including its subsidiary, Executive Beechcraft, Inc., operating a fixed base operation at the Charles B. Wheeler Downtown Airport (the "Downtown Airport")). In its lawsuit, BBA alleged that the City misrepresented certain facts thereby causing BBA to overpay for its purchase of Topeka Aircraft, Inc. The case was settled during the year ended April 30, 2013.

Under the terms of the settlement, the City was released from all claims by BBA and modifications were made to the lease agreement between BBA and the Fund. The Fund agreed to grant a total of \$2.5 million in rent credits to BBA through December 31, 2018. The settlement has been accrued in the current and long-term other accrued liabilities in the accompanying financial statements.

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Note 13: Fund Deficits

The Justice Assistance grant fund (special revenue fund) has a deficit balance of \$39,000 due to not receiving reimbursement of all expenditures as of the end of the fiscal year. Future grant reimbursements from the federal government will cover the deficit.

The Other Governmental grant fund (special revenue fund) has a deficit balance of \$236,000 due to not receiving reimbursement of all expenditures as of the end of the fiscal year. Future grant reimbursements from the federal government will cover the deficit.

Note 14: Subsequent Events

Reappropriation of Fund Balance

On April 14, 2016, the City Council passed Ordinance 160223. This ordinance authorized certain unencumbered and unexpended appropriations from fiscal year 2016 to be reappropriated to fiscal year 2017, and for certain uncollected revenues in fiscal year 2016 to be re-estimated in fiscal year 2017. The net of these amounts are included in committed fund balance in the City's financial statements for each of the respective funds.

These net reappropriations are summarized in the following table (*in thousands*):

General fund	\$ 2,294
Capital improvements fund	<u>30,817</u>
Total governmental funds	<u><u>\$ 33,111</u></u>

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Note 15: Pledged Revenues

The City has pledged specific revenue streams to secure the repayment of certain outstanding debt issues. The following table lists those revenues and the corresponding debt issue along with the purpose of the debt, the amount and term of the pledge remaining, the current fiscal year principal and interest on the debt, the amount of pledged revenue recognized during the current fiscal year and the approximate percentage of the revenue stream that has been committed if estimable (*in thousands*):

Issue	Type Revenue Pledged	Amount of Revenue Pledged	General Purpose for Debt	Term of Commitment	% of Revenue Pledged	Principal & Interest Paid for the Year	Pledged Revenue Recognized for the Year
Water Revenue Bonds and Capital Lease Agreements (2008A, 2009A, 2012A, 2013A, 2014A, 2015A Automated Meter Reader 2007, 2009 (3))	Revenues derived from the Water fund	\$ 513,599	To finance improvements to the water systems and facilities, to cover installation of automated meter reading system and lab equipment	through 2040	24	\$ 46,292	\$ 84,996
Sewer Revenue Bonds (1997A, 1998A, 1999A, 2000A, 2000B, 2001B, 2002J, 2004C, 2009A, 2009B, 2011A, 2012A, 2016A)	Revenues of the Sewer fund	639,078	To finance improvements to sewer system and facilities	through 2040	24 (1)	31,237	99,119
Stormwater Loans (2000, 2001-02, 2007)	Revenues of the Stormwater fund	2,719	To finance improvements to stormwater system	through 2028	11	444	2,106
General Improvement Airport Revenue Bonds (2013A, 2013B)	Revenues from airport operations	121,418	To fund all or portions of the costs on constructing and rehabilitating airport facilities	through 2028	4.5-13.2	17,964	51,882
Refunded PFC Series 2001, General Improvement Airport Revenue Bond Series 2003A and 2003B							
Consolidated Rental Car Facility Bonds (2005C)	Revenues from airport operations (Customer Facility Charge)	28,091	To fund the costs of constructing a consolidated rental car facility	through 2021	4	5,646	5,646

City of Kansas City, Missouri
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April 30, 2016

Issue	Type Revenue Pledged	Amount of Revenue Pledged	General Purpose for Debt	Term of Commitment	% of Revenue Pledged	Principal & Interest Paid for the Year	Pledged Revenue Recognized for the Year
* Special Obligation 2010B (Refunding KCMAC 2001B) and 2013B (Refunding KCMAC 2003C-1)	A portion of future sales tax generated from funds with the Zona Rosa Transportation Development District and Capital Improvement District Sales Tax	\$ 7,752	To finance public improvements within Zona Rosa Development	through 2023	100	\$ 1,142	\$ 1,814
* Special Obligation 2010B (Refunding KCMAC 2001B) (Prospect North Project) and Special Obligation Series 2015A (KCMAC 2004B-2 refunding)	TIF revenues, payment in lieu of taxes and certain economic activity taxes generated from the Prospect North TIF plan	7,198	To finance development of the Prospect North TIF plan	through 2022	100	982	0
*KCMAC and LCRA (Auditorium Plaza Garage Project) (KCMAC 2006A Issuance Auditorium Plaza Garage Portion, LCRA Series 2005-E Auditorium Plaza Garage Portion) and Special Obligation Series 2015A (KCMAC 2006A APG portion)	Net operating revenue of the Auditorium Plaza Garage	3,198	To finance Auditorium Plaza Garage	through 2020	100	734	812
*Special Obligation 2010C Refunded MDFB Taxable Infrastructure (Valentine Shopping Center) (Series 1998)	Net operating income from rental properties, parking fees and excess TIF/STIF from Uptown theater	603	To finance Valentine Shopping Center project	through 2018	100	337	132
*Special Obligation VRDO Refunded and Improvement Revenue Bonds Series 2009C & D (Refunded TIFC Series 2003C (Tax-Exempt) and Refunding Series 2003D (Taxable))	TIF Revenues	8,170	To finance I-35 and Chouteau Project	through 2024	100 (2)	903	1,013

City of Kansas City, Missouri
Notes to Basic Financial Statements
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Issue	Type Revenue Pledged	Amount of Revenue Pledged	General Purpose for Debt	Term of Commitment	% of Revenue Pledged	Principal & Interest Paid for the Year	Pledged Revenue Recognized for the Year
* Special Obligation Improvement and Refunding Bond Series 2013B (Refunding TIFC Improvement Revenue Bonds and Series 2004)	TIF/STIF Revenues/Community Improvement District Sales Tax	\$ 14,265	To refinance the TIF 2004 Series that financed the construction of the Blue Parkway business district	through 2028	100	\$ 1,083	\$ 511
*Special Obligation VRDO Improvement Revenue Bonds Series 2009A (Refunded TIFC Series 2005 Issuance)	TIF/STIF Revenues, parking revenues and Special Assessment revenues	5,656	Refunding of bonds originally used to construct and equip 909 Walnut parking garage	through 2024	100 (2)	528	965
*Special Obligation VRDO Improvement Revenue Bonds Series 2009B (Refunded TIFC Taxable Series 2004)	TIF/STIF Revenues, Convention and Visitors Association reimbursements, Minimum Property Assessment Value Payments	15,018	Refunding of bonds originally used to finance the refurbishing of the President Hotel	through 2028	100 (2)	871	1,672
*IDA Refunded Revenue Bonds 2005A and 2011A (IDA Series 2005A, remarketed 2005B, 2006A, 2006B) Special Obligation 2014C (partially refunded IDA Series 2005A and Series 2011A)	TIF/STIF revenues, Transportation Development District revenues and DESA revenues	436,044	To finance KC Live Project	through 2040	100	15,053	6,070
*Special Obligation 2008C and 2008D Refunding Bonds refunding IDA VRDO Improvement Revenue Bonds (IDA Series 2005C, 2005D, and 2006E), Special Obligation Series 2016E (Refunding Special Obligation Series 2008C and financing improvements)	Future car rental and hotel fees net of Convention and Visitors Bureau share; User Fees	340,112	To finance the building of a downtown arena	through 2040	100 (3)	14,320	14,834
*LCRA Leasehold Revenue Refunding Bonds and Special Obligation Series Taxable Revenue Bonds (LCRA 2005E and Special Obligation Series 2010C)	TIF/STIF Revenues, Convention and Visitor Association Reimbursements Revenues	9,967	To finance the Muehlebach Hotel Project	through 2019	100	3,305	3,062

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Issue	Type Revenue Pledged	Amount of Revenue Pledged	General Purpose for Debt	Term of Commitment	% of Revenue Pledged	Principal & Interest Paid for the Year	Pledged Revenue Recognized for the Year
*PIEA Taxable Industrial Revenue Bonds (2005)	Neighborhood Development District Special Assessments and Non-TIF redirection/parking revenues	\$ 5,777	To finance the 300 Wyandotte Parking Garage Project	through 2025	100	\$ 613	\$ 325
*IDA Refunding and Improvement Revenue Bonds 2006C (Refunded the MDFB Series 1995 Bonds)	Certain TIF revenues	-	To finance the Civic Mall Refunding and Cherry Street Inn demolition project	through 2016	100 (4)	781	338
*IDA Refunding Revenue Bonds (Refunded the MDFB Series 1998) 2007A	TIF/STIF revenues associated with the redevelopment areas	432	To finance the Uptown theater project	through 2017	100	416	554
*IDA Refunding Revenue Bonds (Refunded the MDFB Series 2000A) (2007A)	State and City TIF/STIF revenues associated with the redevelopment areas	24,021	To finance the Midtown Retail District project	through 2022	100	4,120	7,736
*Special Obligation 2008A Refunding and Improvement Revenue Bonds, and Special Obligation Refunding Bonds Series 2016C (Second Street Portion)	Revenues from TIF revenues from the redevelopment area	1,162	To finance improvements to Second Street redevelopment area	through 2026	100 (3)	77	191
*Special Obligation 2008A Refunding and Improvement Revenue Bonds, Hodge Park Shoal Creek Golf Courses and Special Obligation Refunding Bonds Series 2016C (Hodge Park Portion)	Revenues from golf operations	3,514	To refinance the KCMAC 1998 construction of Hodge Park, Shoal Creek golf courses	through 2023	100 (3)	543	544

City of Kansas City, Missouri
Notes to Basic Financial Statements
April 30, 2016

Issue	Type Revenue Pledged	Amount of Revenue Pledged	General Purpose for Debt	Term of Commitment	% of Revenue Pledged	Principal & Interest Paid for the Year	Pledged Revenue Recognized for the Year
*Special Obligation 2008B and 2010A Improvement Revenue Bonds, East Village Project and Special Obligation Refunding Bonds Series 2016D	State and City TIF/STIF Revenues	\$ 43,069	To finance parking garage and public improvements	through 2031	100 (3)	\$ 2,320	\$ 1,896
*Special Obligation 2014A Downtown Street Car Project	Sales Tax on retail sales occurring within the Downtown Streetcar District and Special Assessments on real property within the District	102,002	To finance the design, construction and equipping of a two-mile north-south streetcar route	through 2038	100	4,433	11,101

- (1) Gross Debt Service.
- (2) Amounts include support costs paid on variable rate bonds.
- (3) No debt service paid on Special Obligation Series 2016C, 2016D, and 2016E in fiscal year 2016.
- (4) Final redemption on the IDA Series 2006C bonds occurred on December 1, 2015.

*The City believes that the revenues pledged for the respective debt issues do not meet the definition of pledged revenues under GASB 48. Although these bonds may have dedicated revenues, they are ultimately secured by the annual appropriation pledge of the City. The City believes that showing specific revenue streams that are used to pay principal and interest on the debt is beneficial to the respective bondholders.

Note 16: Restatements

During the year, the City implemented Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of the GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date - an amendment of GASB Statement No. 68*. Additional information on the implementation of these statements can be found in Note 10. As a result of implementing GASB Statements No. 68 and 71, the City restated its beginning net position to reflect the impact of implementation as summarized below:

	Governmental Activities	Business-type Activities	Total
Net position, May 1, 2015, as previously reported	\$ 2,885,729	\$ 2,117,859	\$ 5,003,588
Beginning deferred outflow	67,237	10,455	77,692
Beginning NPO	47,692	12,164	59,856
Net pension liability	(536,688)	(46,351)	(583,039)
Net position, May 1, 2015, as restated	\$ 2,463,970	\$ 2,094,127	\$ 4,558,097

City of Kansas City, Missouri
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April 30, 2016

	<u>Water</u>	<u>Sewer</u>	<u>Kansas City Airports</u>	<u>Total</u>
Net position, May 1, 2015, as previously reported	\$ 676,815	\$ 534,644	\$ 906,400	\$ 2,117,859
Beginning deferred outflow	3,720	3,473	3,262	10,455
Beginning NPO	4,301	4,248	3,614	12,163
Net pension liability	<u>(16,492)</u>	<u>(15,398)</u>	<u>(14,461)</u>	<u>(46,351)</u>
Net position, May 1, 2015, as restated	<u>\$ 668,344</u>	<u>\$ 526,967</u>	<u>\$ 898,815</u>	<u>\$ 2,094,126</u>

During the year, the Kansas City Board of Police Commissioners implemented Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

Additional information on the implementation of the statement can be found in Note 10. As a result of implementing GASB Statement No. 68, the Police Department restated its beginning net position to reflect the impact of implementation as summarized below:

Net position, May 1, 2015, as previously reported	\$ (139,018)
Beginning NPO	<u>104,986</u>
Net position, May 1, 2015, as restated	<u>\$ (34,032)</u>

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule—General Fund
Year Ended April 30, 2016
(In thousands of dollars)

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 412,316	\$ 416,334	\$ 406,697	\$ (9,637)
Licenses, permits and franchises	26,146	26,146	27,454	1,308
Fines and forfeitures	17,675	17,675	14,292	(3,383)
Rents and concessions	697	697	850	153
Investment income and interest	1,435	1,435	1,429	(6)
Charges for services	42,052	42,115	42,531	416
Intergovernmental revenues	3,054	3,755	4,339	584
Special assessments	310	310	419	109
Other	1,116	1,377	1,600	223
Total revenues	<u>504,801</u>	<u>509,844</u>	<u>499,611</u>	<u>(10,233)</u>
Other financing sources:				
Transfers in	<u>28,177</u>	<u>31,815</u>	<u>32,452</u>	<u>637</u>
Total revenues and other financing sources	<u>\$ 532,978</u>	<u>\$ 541,659</u>	<u>\$ 532,063</u>	<u>\$ (9,596)</u>
Expenditures				
Mayor and City Council	\$ 4,876	\$ 4,519	\$ 4,228	\$ 291
City Clerk	452	540	513	27
City Auditor	1,325	1,268	1,252	16
General Services	34,806	33,747	33,434	313
Board of Election Commissioners	2,838	2,758	2,622	136
City Manager	8,722	8,481	7,749	732
Municipal Court	14,963	13,751	13,386	365
Finance	15,489	15,224	14,961	263
Law	4,650	4,580	4,566	14
Human Resources	3,619	3,671	3,563	108
Human Relations	1,849	1,514	1,445	69
Contingent Appropriation	5,031	-	-	-
City Planning and Development	4,758	4,576	4,363	213
Fire	144,211	151,601	148,781	2,820
Public Works	25,669	24,372	23,035	1,337
Neighborhood and Housing Services	19,231	18,084	17,612	472
Parks and Recreation	1,999	2,644	2,644	-
Police	201,973	205,599	205,583	16
Total expenditures	<u>496,461</u>	<u>496,929</u>	<u>489,737</u>	<u>7,192</u>
Other financing uses:				
Transfers out	<u>39,507</u>	<u>43,271</u>	<u>39,458</u>	<u>3,813</u>
Total expenditures and other financing uses	<u>\$ 535,968</u>	<u>\$ 540,200</u>	<u>\$ 529,195</u>	<u>\$ 11,005</u>

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule—General Fund
Year Ended April 30, 2016
(In thousands of dollars)

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues and other financing sources	\$ 532,978	\$ 541,659	\$ 532,063	\$ (9,596)
Expenditures and other financing uses	<u>535,968</u>	<u>540,200</u>	<u>529,195</u>	<u>11,005</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,990)	1,459	2,868	1,409
Net change in encumbrances, reserves and prior year adjustments	<u>-</u>	<u>-</u>	<u>(976)</u>	<u>(976)</u>
Net change in fund balance	<u>\$ (2,990)</u>	<u>\$ 1,459</u>	1,892	<u>\$ 433</u>
Fund balance (budget basis):				
Beginning of year			<u>55,885</u>	
End of year			<u><u>\$ 57,777</u></u>	

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Budgetary Comparison Schedules
Year Ended April 30, 2016

Budgetary Process

The reported budgetary data represent the final approved budget after amendments as adopted by the City council. Amendments to the original budget were not material and unencumbered appropriations lapse at year-end. Encumbered appropriations at year-end are carried forward into the following year for final disposition. These procedures are followed in establishing the budget:

1. The Mayor and Council adopt a five-year financial plan no later than November 1 of each year.
2. On or before the second regular meeting of the City Council in February, the City Manager submits to the Mayor and the Council, the budget prepared by the City Manager considering the five-year-financial plan adopted by the Mayor and Council.
3. The City Council conducts a review of the budget, including hearings with the City Manager and department officers. Upon conclusion of its review and not later than the first regular meeting of the Council in March, the budget ordinance is introduced for consideration.
4. Public hearings are conducted to obtain citizens' comments.
5. At the fourth regular meeting in March, the Council adopts the budget ordinance with or without alteration or amendment.

Financial Statement Presentation—Budget Basis

The City prepares legally adopted annual operating budgets for the general fund, special revenue funds (which include ambulance services, ARRA stimulus, arterial street impact fee, boulevard maintenance, brownfields revolving, CID/NID revolving loan, community centers, community development block grant, convention and tourism, development services, domestic violence shelter operations, economic development initiative – HUD grant, fire sales tax, golf operations, governmental grants, health levy, HOME investment, housing opportunities for persons with AIDS, HUD lead-based paint grant, inmate security, justice assistance grants, KCATA sales tax, land bank, liberty memorial trust, museum, neighborhood stabilization grant, neighborhood tourist development, parking garage, parks and recreation, performing arts center parking garage, police drug enforcement, police grants, public mass transportation, public safety sales tax, Ryan White HIV/AIDS, special housing rehabilitation, strategic neighborhoods, street car, street maintenance and youth employment,), capital projects funds (which include capital improvements and revolving public improvement) and debt service funds (which include convention and sports complex, downtown arena debt, general debt and interest, GO recovery zone bonds, KC downtown redevelopment district, N.I.D. GO bond, sewer special assessment, STIF—909 Walnut Tower, STIF—12th and Wyandotte, STIF—Brush Creek/Blue Parkway/Town Center, STIF—East Village, STIF—HOK Sport Garage, STIF—Hotel President, STIF—Midtown, STIF—Uptown, STIF—Valentine, streetlight debt and TIF debt). The City also prepares annual operating budgets for the enterprise funds; however, there is no requirement to report on these budgets.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Budgetary Comparison Schedules
Year Ended April 30, 2016

Therefore, the financial statements include a comparison of budget to actual only for the budgeted governmental funds.

The City's policy is to prepare the governmental fund types' annual budgets on a cash basis, which is modified to include encumbrances as the equivalent of expenditures.

After passage of the annual appropriation ordinance, upon recommendation of the Director of Finance, the Council may by ordinance authorize the transfer of unencumbered balances appropriated for one department to any other department. An unencumbered balance appropriated for one purpose may be transferred to another purpose within a department upon the approval of the department head and subject to the certification of available funds by the Director of Finance. Additionally, an unencumbered balance appropriated to a department for a specific purpose may be transferred to any other department for the same purpose within the same fund upon approval of the respective department heads and subject to the certification of available funds by the Director of Finance. (Code of Ordinances, Section 2-1992).

Project budgets are adopted in the certain capital projects funds where appropriations do not lapse at fiscal year end.

Budgeting and Budgetary Control

The accounting principles employed by the City in its budgetary accounting and reporting system are designed to enhance budgetary control. Certain of these principles differ from those used to present financial statements in accordance with U.S. generally accepted accounting principles. The significant differences are the exclusion of accrued and deferred revenues and accrued expenditures and transfers out from the budgetary-basis statement.

Following is a reconciliation of these differences for the year ended April 30, 2016 (*in thousands*):

	General Fund
Net change in fund balance – budgetary basis	\$ 1,892
Adjustments	
Net change in encumbrances, reserves and prior year adjustments, budgetary basis	976
To record accrual and deferral of revenues, net	42,352
To record accrual of expenditures and transfers out	(31,928)
Net change in fund balance – GAAP basis	\$ 13,292

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Budgetary Comparison Schedules
Year Ended April 30, 2016

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the funds. Other commitments include encumbrances that have been established for future planned expenditures where the purpose is known but a specific contract with a vendor has not yet been finalized.

At April 30, 2016, encumbrance balances by major fund and nonmajor governmental funds in the aggregate were (*in thousands*):

Fund	Amount
General	\$ 5,989
Capital improvements	38,644
Nonmajor governmental	58,488
Water	56,113
Kansas City Airports	57,700
Sewer	<u>110,540</u>
 Total	 <u><u>\$ 327,474</u></u>

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of Changes in the City's Net Pension Liability and Related Ratios
The Employees' Retirement System
April 30, 2016

	2016
Total pension liability	
Service cost	\$ 19,694,295
Interest on total pension liability	85,393,038
Benefit payments, including member refunds	(63,149,987)
Net change in total pension liability	41,937,346
Total pension liability - beginning	1,149,883,725
Total pension liability - ending	1,191,821,071
Fiduciary net position	
Net investment income	84,827,952
City contributions	27,569,434
Member contributions	8,610,268
Benefits paid	(58,650,593)
Refunds of contributions	(4,499,394)
Administrative expenses	(379,424)
Net change in fiduciary net position	57,478,243
Fiduciary net position - beginning	1,027,655,034
Fiduciary net position - ending	1,085,133,277
Net pension liability, ending	\$ 106,687,794
Fiduciary net position as a percentage of total pension liability	91.05%
Covered payroll	\$ 167,629,048
Net pension liability as a percentage of covered payroll	63.65%

Note to schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The total pension liability and related ratios were measured as of April 30 of the prior year. See Note 10 for further discussion on measurement and valuation dates.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of City Contributions
The Employees' Retirement System
April 30, 2016

Fiscal Year Ending April 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2007	\$ 17,652,900	\$ 18,496,476	\$ (843,576)	\$ 158,779,836	11.65%
2008	15,623,936	20,011,617	(4,387,681)	169,867,066	11.78%
2009	19,364,846	20,330,486	(965,640)	160,200,649	12.69%
2010	29,589,060	19,186,317	10,402,743	153,948,044	12.46%
2011	27,772,227	18,822,709	8,949,518	163,133,722	11.54%
2012	26,326,555	20,543,487	5,783,068	161,134,295	12.75%
2013	27,682,872	23,744,372	3,938,500	166,877,689	14.23%
2014	27,568,194	25,987,662	1,580,532	167,629,048	15.50%
2015	27,568,194	27,569,434	(1,240)	167,629,048	16.45%
2016	24,540,893	24,577,647	(36,754)	166,853,097	14.73%

Notes to Schedule:

Valuation Date 5/1/2014
Timing Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.

Key Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age
Asset valuation method	4-year smoothing using Expected Value Method. 85% / 110% corridor around market value.
Amortization method	20-year layered amortization as a level percent of pay. Changes to the 5/1/2009 unfunded actuarial liability were amortized over 30 years.
Discount rate	7.50%
Amortization growth rate	4.00%
Price inflation	3.00%
Salary increases	Ranges from 8.0% to 4.0%
Cost-of-living adjustments	3.00% simple
Mortality	Healthy: 1994 Group Annuity Mortality Table Disabled: 1983 Railroad Retirement Board Disabled Life Mortality Table

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of Investment Returns
The Employees' Retirement System
April 30, 2016

Fiscal Year Ending April 30	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	-2.50%	8.36%

Note to schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
The Employees' Retirement System
April 30, 2016

Changes of benefit and funding terms – The following changes to the plan provisions were reflected in the valuation as listed below:

4/30/2014 Valuation

- Effective April 20, 2014, Tier I member contribution rates increased by 1.00% and the interest credited to employee account balances decreased to 5.00%.
- Tier II members were added.

4/30/2013 Valuation

- The City contribution rate changed from 9.50% of payroll for General Employees and 19.50% of payroll for Judges and Elected Officials to the prior year's actuarially determined contribution rate.

4/30/2012 Valuation

- The plan was amended to provide MAST employees with service prior to April 25, 2010 and to implement a special benefit schedule for these employees.

4/30/2011 Valuation

- The Plan was amended according to Ordinance No. 110218, so that unless otherwise provided, no members of the Council, including the Mayor, who commence a term of office after April 30, 2011 shall participate in this plan for any service after April 30, 2011. However, members of the Council, including the Mayor, elected on March 27, 2007 for a term beginning May 1, 2007 and also elected on March 22, 2011 for a term beginning on May 1, 2011 are members of this plan as long as they are continuously a member of the Council, including the Mayor.

Changes in actuarial assumptions and methods – The following changes to the plan provisions were reflected in the valuations as listed below:

4/30/2011 Valuation

- Actuarial assumptions were changed based on recommendations from the May 1, 2006 through April 30, 2010 actuarial experience study that was adopted by the Board. The changes affected withdrawal rates, retirement rates, age of spouse assumptions, salary increases and J&S election assumptions.

4/30/2009 Valuation

- The Amortization of UAL changed from a 20-year level percent of pay amortization method to a 30-year layered level percent of pay amortization method for the 5/1/2009 change to the unfunded actuarial liability.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
The Employees' Retirement System
April 30, 2016

4/30/2008 Valuation

- The Asset Smoothing Method switched from the prior method of using preliminary asset value plus 20% of the difference between the market value and the preliminary asset value to the new method of using 100% of expected returns plus 25% of actual returns above or below the expected return. The minimum asset corridor also changed from 90% to 85%.
- The Amortization of UAL changed from a 30-year rolling level dollar amortization method to a 20-year layered level percent of pay amortization method.
- The Investment Return Assumption changed from 7.75% to 7.50%.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Firefighters' Pension System
April 30, 2016

	2016
Total pension liability	
Service cost	\$ 13,137,551
Interest on total pension liability	43,442,934
Benefit payments, including member refunds	(34,761,116)
Net change in total pension liability	21,819,369
Total pension liability - beginning	583,167,922
Total pension liability - ending	604,987,291
Fiduciary net position	
Net investment income	32,940,446
City contributions	16,258,533
Member contributions	6,258,482
Benefits paid	(32,804,795)
Refunds of contributions	(1,956,321)
Administrative expenses	(264,100)
Net change in fiduciary net position	20,432,245
Fiduciary net position - beginning	462,585,466
Fiduciary net position - ending	483,017,711
Net pension liability, ending	\$ 121,969,580
Fiduciary net position as a percentage of total pension liability	79.84%
Covered payroll	\$ 59,410,476
Net pension liability as a percentage of covered payroll	205.30%

Note to schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The total pension liability and related ratios were measured as of April 30 of the prior year. See Note 10 for further discussion on measurement and valuation dates.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of City Contributions
Firefighters' Pension System
April 30, 2016

Fiscal Year Ending April 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2007	\$ 9,419,485	\$ 9,466,685	\$ (47,200)	\$ 47,022,072	20.13%
2008	8,734,919	9,937,683	(1,202,764)	49,420,823	20.11%
2009	9,476,409	10,319,886	(843,477)	51,168,515	20.17%
2010	17,123,835	10,465,322	6,658,513	53,612,509	19.52%
2011	12,827,773	10,297,638	2,530,135	51,934,305	19.83%
2012	14,045,886	11,603,818	2,442,068	51,983,293	22.32%
2013	15,400,404	13,120,169	2,280,235	60,062,558	21.84%
2014	16,182,139	11,795,883	4,386,256	58,356,072	20.21%
2015	16,162,139	16,258,533	(96,394)	59,410,476	27.37%
2016	16,581,464	16,631,844	(50,380)	59,294,555	28.05%

Notes to Schedule:

Valuation Date 5/1/2014
Timing Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.

Key Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age
Asset valuation method	5-year smoothed market. 80% / 120% corridor around market value.
Amortization method	30-year layered amortization as a level percent of pay for changes to the unfunded actuarial liability on or after 5/1/2008.
Discount rate	7.50%
Amortization growth rate	3.00%
Price inflation	2.50%
Salary increases	Ranges from 8.0% to 3.0%
Cost-of-living adjustments	3.00% simple
Mortality	Healthy: RP-2000 Combined Mortality Table set forward one year for males and females Disabled: RP-2000 Combined Mortality Table set forward three years for males and females

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of Investment Returns
Firefighters' Pension System
April 30, 2016

Fiscal Year Ending April 30	2016	2015
Annual money-weighted rate of return, net of investment expense	-1.50%	7.19%

Note to schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
Firefighters' Pension System
April 30, 2016

Changes of benefit and funding terms – The following changes to the plan provisions were reflected in the valuation as listed below:

4/30/2014 Valuation

- Effective April 20, 2014, member contribution rates increased by 1.00% and Tier II have been added to the Plan.

4/30/2011 Valuation

- According to Ordinance No. 100606, members can now designate at retirement that a qualified domestic partner receive death benefits.

Changes in actuarial assumptions and methods – The following changes to the plan provisions were reflected in the valuations as listed below:

4/30/2014 Valuation

- The investment return assumption decreased from 7.75% to 7.50%.

4/30/2012 Valuation

- An actuarial experience study was conducted and resulted to changes in the following assumptions:
 - Inflation
 - Real wage growth
 - Termination rates
 - Retirement rates
 - Disability rates
 - Duty related disability percentage
 - Spouse age difference
 - Marriage assumption
 - Health mortality
 - Disabled mortality

4/30/2009 Valuation

- The minimum asset corridor, used in the asset smoothing method, changed from 85% to 80% and the maximum asset corridor changed from 110% to 120%.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
Firefighters' Pension System
April 30, 2016

- The Amortization of UAL changed from a 20-year fixed level percent of pay amortization method for changes to the UAL for the years on and after May 1, 2009 to a 30-year fixed level percent of pay amortization method for changes to the UAL for the years on and after May 1, 2009.

4/30/2008 Valuation

- The minimum asset corridor, used in the asset smoothing method, changed from 90% to 85%.
- The Amortization of UAL changed from a 30-year rolling level percent of pay amortization method to a 30-year fixed level percent of pay amortization of the May 1, 2008 UAL and a 20-year fixed level percent of pay amortization method for changes to the UAL for the years on and after May 1, 2009.
- The investment return assumption was changed from 8.00% to 7.75%.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Civilian Employees' Retirement System
April 30, 2016

	2016
Total pension liability	
Service cost	\$ 4,403,101
Interest on total pension liability	11,366,771
Effect of assumption changes or inputs	2,318,394
Benefit payments, including member refunds	(6,320,353)
Net change in total pension liability	11,767,913
Total pension liability - beginning	157,964,859
Total pension liability - ending	169,732,772
Plan Fiduciary Net Position	
Net investment income	6,756,442
Net securities lending income	23,157
City of Kansas City, MO contributions	4,930,686
Member contributions	1,323,061
Benefits paid	(6,185,573)
Refunds of contributions	(134,780)
Administrative expenses	(112,924)
Net change in fiduciary net position	6,600,069
Plan fiduciary net position - beginning	117,341,038
Plan fiduciary net position - ending	123,941,107
Net pension liability, ending	\$ 45,791,665
Fiduciary net position as a percentage of total pension liability	73.02%
Covered payroll	\$ 26,461,305
Net pension liability as a percentage of covered payroll	173.05%

Notes to schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The total pension liability and related ratios were measured as of April 30 of the prior year. See Note 10 for further discussion on measurement and valuation dates.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of City Contributions
Civilian Employees' Retirement System
April 30, 2016

Fiscal Year Ending April 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2007	\$ 3,820,000	\$ 2,682,000	\$ 1,138,000	\$ 24,072,998	11.14%
2008	4,137,000	3,372,000	765,000	25,665,396	13.14%
2009	4,289,000	3,471,000	818,000	26,413,102	13.14%
2010	3,616,000	3,330,000	286,000	25,340,387	13.14%
2011	4,748,000	3,185,000	1,563,000	25,162,434	12.66%
2012	4,361,000	3,146,000	1,215,000	23,975,937	13.12%
2013	4,956,000	3,283,000	1,673,000	25,005,998	13.13%
2014	5,658,000	4,122,000	1,536,000	25,616,923	16.09%
2015	4,931,000	4,931,000	-	26,461,305	18.63%
2016	5,048,000	5,048,000	-	25,747,787	19.61%

Notes to Schedule:

The following actuarial methods and assumptions were used to determine the actuarially determined employer contribution reported in the most recent fiscal year, which was based on the April 30, 2014 actuarial valuation:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	5-year smoothing of actual vs expected return on market value
Price inflation	3%
Salary increases	3.75% to 7.75%, including inflation
Investment rate of return	7.50%, net of investment expenses and including inflation
Future cost-of-living adjustments	2.50% (simple)

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of Investment Returns
Civilian Employees' Retirement System
April 30, 2016

Fiscal Year Ending April 30	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	-0.64%	5.74%

Note to schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
Civilian Employees' Retirement System
April 30, 2016

Changes of benefit and funding terms – The following changes to the plan provisions were reflected in the valuation performed as of April 30 listed below:

2013 - The 2013 Missouri General Assembly passed Senate Bill 215/House Bill 418, which created a new benefit tier for members hired on or after August 28, 2013. The plan provisions changed were:

- Normal retirement changed from age 65 to age 67,
- Early retirement, without a reduction in benefit amount changed from Rule of 80 (age plus service equal or exceeds 80) or age 60 with 10 years of creditable service to Rule of 85 or age 62 with 20 years of creditable service,
- Final compensation changed from an average of the highest two years to the highest three years.

2008 - Plan provisions were changed, effective August 28, 2008, to require that a member must be in active service to be eligible for either a duty related or non-duty related disability retirement benefit.

2007 - There were two changes in plan provisions:

- Creditable service for military leave may be granted without payment of member contributions under certain circumstances
- The eligibility requirement for the supplemental benefit was changed from five to 15 years of creditable service for members retiring after August 28, 2007.

Changes in actuarial assumptions and methods – The following changes to the plan provisions were reflected in the valuations as listed below:

4/30/2013 Valuation:

- Reduction of the investment return assumption from 7.75% to 7.50%.
- Reduction of the assumed cost-of-living adjustment from 3.00% to 2.50%.
- Reduction of the general wage increase assumption from 4.00% to 3.75%.
- Modification of both early and normal retirement assumptions to better reflect the actual, observed experience.
- Termination of employment assumption was changed to a pure service-based assumption with one set of rates applicable to both males and females.
- The assumption regarding vested members who terminated employment was modified to value the greater of the value of the deferred monthly benefit or the value payable as a refund.
- The merit salary assumption was modified to reflect the current pay scales.
- The amortization of the UAAL was changed to be a single base, recalculated each year and amortized as a level percentage of payroll over an open 30 year period.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
Civilian Employees' Retirement System
April 30, 2016

4/30/2011 Valuation:

- The Board of Trustees adopted a change in the asset smoothing method and implemented it by resetting the actuarial value of assets equal to the market value of assets as of April 30, 2011. The new smoothing method recognizes the difference between the actual and expected return on the market value of assets evenly over a five-year period.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
Civilian Employees' Retirement System
April 30, 2016

4/30/2008 Valuation:

- Changed the mortality table to the RP-2000 Table, with a one year age set forward. Scale AA is used to project mortality improvements in future years.
- Adjusted the retirement rates to better fit observed experience.
- Adjusted the termination of employment rates based on experience from the current and prior years.
- Changed from an age-based to a service-based salary increase assumption.
- Lowered the assumption at ages 42 to 54 that vested terminating members will take a refund and forfeit their vested benefit.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Police Retirement System
April 30, 2016

	2016
Total pension liability	
Service cost	\$ 26,900,131
Interest on total pension liability	76,210,579
Effect of assumption changes or inputs	14,987,963
Benefit payments, including member refunds	(55,405,669)
Net change in total pension liability	62,693,004
Total pension liability - beginning	1,062,680,857
Total pension liability - ending	1,125,373,861
Plan fiduciary net position	
Net investment income	46,824,719
Net securities lending income	126,375
City of Kansas City, MO Contributions	28,933,261
Member contributions	10,874,921
Benefits paid	(55,006,617)
Refunds of contributions	(399,052)
Administrative expenses	(549,742)
Net change in fiduciary net position	30,803,865
Plan fiduciary net position - beginning	763,076,453
Plan fiduciary net position - ending	793,880,318
Net pension liability, ending	\$ 331,493,543
Fiduciary net position as a percentage of total pension liability	70.54%
Covered payroll	\$ 91,749,770
Net pension liability as a percentage of covered payroll	361.30%

Notes to schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The total pension liability and related ratios were measured as of April 30 of the prior year. See Note 10 for further discussion on measurement and valuation dates.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of City Contributions
Police Retirement System
April 30, 2016

Fiscal Year Ending April 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2007	\$ 21,429,000	\$ 14,527,000	\$ 6,902,000	\$ 73,739,766	19.70%
2008	23,181,000	15,747,000	7,434,000	79,934,573	19.70%
2009	24,619,000	16,701,000	7,918,000	84,775,068	19.70%
2010	22,154,000	16,645,000	5,509,000	84,493,549	19.70%
2011	32,020,000	16,532,000	15,488,000	87,105,133	18.98%
2012	28,277,000	16,477,000	11,800,000	83,783,881	19.67%
2013	31,653,000	16,934,000	14,719,000	86,036,186	19.68%
2014	35,062,000	22,242,000	12,820,000	89,320,031	24.90%
2015	28,933,000	28,933,000	-	91,749,770	31.53%
2016	30,272,000	30,272,000	-	91,951,939	32.92%

Notes to Schedule:

The following actuarial methods and assumptions were used to determine the actuarially determined employer contribution reported in the most recent fiscal year, which was based on the April 30, 2014 actuarial valuation:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	5 years smoothing of actual vs expected return on market value
Price inflation	3%
Salary increases	3.75% to 8.75%, including inflation
Investment rate of return	7.50%, net of investment expenses and including inflation
Future cost-of-living adjustments	2.50% (simple)

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedule of Investment Returns
Police Retirement System
April 30, 2016

Fiscal Year Ending April 30	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	-0.41%	6.08%

Note to schedule: This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
Police Retirement System
April 30, 2016

Changes of benefit and funding terms – The following changes to the plan provisions were reflected in the valuation performed as of April 30 listed below:

2013 - The 2013 Missouri General Assembly passed Senate Bill 215/House Bill 418, which provided for the following changes to the System:

- Increased the number of years of creditable service from 30 to 32 (which results in the maximum benefit increasing from 75% to 80% of final average pay).
- Created a new benefit tier for new hires with the same benefit structure except final compensation is based on the average of the highest three years, eligibility for service retirement is the earlier of 27 years of service or age 60 with 15 years of service, and the form of payment is a joint and 50% survivor benefit, if married.
- Required the City to contribute the full employer actuarial contribution plus an additional \$200 per month for every member entitled to receive a supplemental benefit.

The Retirement Board increased the employee contribution rate by 1.00% from 10.55% to 11.55%.

2011 - A new employer policy allowed police officers to continue working until they reach 32 years of service, although benefit accruals and member contributions ended at 30 years.

2008 - Plan provisions were changed, effective August 28, 2008, to require that a member must be in active service to be eligible for either a duty related or non-duty related disability retirement benefit.

2007 - Creditable service for military leave may be granted without payment of member contributions under certain conditions.

2006 - Board Policy #018 was amended March 14, 2006 to provide the following definition of actuarial soundness: A retirement plan shall be considered actuarially sound for purposes described in the statutes, provided that at least one of the three following conditions is met:

- 1) The plan's funded ratio (actuarial value of assets/actuarial accrued liability) measured in accordance with GASB Statement 25, rounded to the nearest whole percentage, is 75% or greater.
- 2) For each of the three most recently completed plan years, the plan has received a combination of employer and employee contributions that in total are, rounded to the nearest whole percentage, 90% or greater of the plan's required contributions (defined to be the sum of the Annual Required Contribution as defined by GASB Statement 25 and any required employee contributions).
- 3) For at least three out of the last five completed plan years, the plan has received employer contributions that equal or exceed the plan's Annual Required Contribution as defined by GASB Statement 25.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Required Supplementary Information
Police Retirement System
April 30, 2016

Changes in actuarial assumptions and methods – The following changes to the plan provisions were reflected in the valuations as listed below:

4/30/2013 Valuation:

- Reduction of the investment return assumption from 7.75% to 7.50%.
- Reduction of the assumed cost of living adjustment from 3.00% to 2.50%.
- Reduction of the general wage increase assumption from 4.00% to 3.75%.
- Modification of retirement rates to reflect the change in the benefit structure (years of creditable service increasing from 30 to 32), the change in the mandatory retirement policy of the Police Department (from 32 to 35 years of service), and to better reflect the actual, observed experience.
- Lowered termination rates.
- Adjusted the merit scale component of the salary scale to reflect the current pay scale.
- The amortization of the UAAL was changed to be a single base, recalculated each year and amortized as a level percentage of payroll over an open 30 year period.

4/30/2011 Valuation:

- The Board of Trustees adopted a change in the asset smoothing method and implemented it by resetting the actuarial value of assets equal to the market value of assets as of April 30, 2011. The new smoothing method recognizes the difference between the actual and expected return on the market value of assets evenly over a five-year period.

4/30/2008 Valuation:

- Changed the mortality table to the RP-2000 Table. Scale AA is used to project mortality improvements in future years.
- Adjusted the retirement rates to better fit observed experience.
- Increased the probability of disability for active members.
- Decreased the termination of employment rates.
- Changed from an age-based to a service-based salary increase assumption.
- Assume that all vested terminating members will elect a deferred benefit.

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedules of Funding Progress
Year Ended April 30, 2016
(In thousands)

Other Postemployment Benefits						
Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll

City of Kansas City – Employee/Firefighter Other Postemployment Benefits

5/1/2010	\$ -	\$ 76,574	\$ 76,574	-%	\$ 205,882	37.19%
5/1/2012	-	105,013	105,013	-	221,197	47.47
5/1/2014	-	97,828	97,828	-	227,039	43.09

Board of Police Commissioners – Police/Civilian Other Postemployment Benefits

5/1/2010	\$ -	\$ 54,184	\$ 54,184	-%	\$ 116,611	46.47%
5/1/2012	-	55,129	55,129	-	113,136	48.73
5/1/2014	-	46,301	46,301	-	114,100	40.58

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Schedules of Condition Assessments and Maintenance Costs
Year Ended April 30, 2016
(In thousands)

Condition Assessment

	Percentage in Good or Better Condition		
	2016	2015	2014
Roadway system	21.29%	28.33%	40.64%
Bridges	81.01	80.72	75.86
Street lighting	98.46	97.40	96.40
	Percentage in Fair Condition		
	2016	2015	2014
Roadway system	12.92%	14.37%	16.74%
Bridges	15.01	14.78	18.82
Street lighting	—	—	—
	Percentage in Substandard Condition		
	2016	2015	2014
Roadway system	65.79%	57.30%	42.62%
Bridges	3.98	4.50	5.32
Street lighting	1.54	2.60	3.60
	Overall Condition Level		
	2016	2015	2014
Roadway system	58.27	69.10	69.59
Bridges	76.98	76.38	74.45
Street lighting	98.46	97.40	96.40

Estimated and Actual Costs to Maintain

	2016	2015	2014	2013	2012
Roadway system					
Estimated	\$ 214,690	\$ 130,919	\$ 98,033	\$ 105,405	\$ 101,454
Actual	<u>23,924</u>	<u>23,558</u>	<u>34,150</u>	<u>28,238</u>	<u>27,190</u>
Difference	<u>\$ (190,766)</u>	<u>\$ (107,361)</u>	<u>\$ (63,883)</u>	<u>\$ (77,167)</u>	<u>\$ (74,264)</u>
Bridges					
Estimated	\$ 36,402	\$ 36,886	\$ 24,304	\$ 12,600	\$ 8,577
Actual	<u>1,771</u>	<u>5,874</u>	<u>1,317</u>	<u>1,702</u>	<u>888</u>
Difference	<u>\$ (34,631)</u>	<u>\$ (31,012)</u>	<u>\$ (22,987)</u>	<u>\$ (10,898)</u>	<u>\$ (7,689)</u>
Street lighting					
Estimated	\$ 8,656	\$ 8,571	\$ 8,001	\$ 7,750	\$ 7,830
Actual	<u>6,110</u>	<u>5,905</u>	<u>6,172</u>	<u>5,903</u>	<u>5,273</u>
Difference	<u>\$ (2,546)</u>	<u>\$ (2,666)</u>	<u>\$ (1,829)</u>	<u>\$ (1,847)</u>	<u>\$ (2,557)</u>

City of Kansas City, Missouri
Required Supplementary Information (Unaudited)
Notes to Schedules of Condition Assessments and Maintenance Costs
Year Ended April 30, 2016
(In thousands)

As allowed by GASB Statement No. 34, the City has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the City expenses maintenance costs and does not report depreciation expense.

In order to utilize this approach, the City is required to:

- Maintain an asset management system to include up-to-date inventory of eligible infrastructure assets
- Perform a condition assessment
- Estimate each year the amount to maintain and preserve the assets
- Document that the assets are being preserved approximately at, or above, the established condition level.

During Fiscal Year 2016 all street segments were laser scanned using the entire length and width of a segment to calculate the distress, severity and extent of the pavement condition. Previously, streets were visually inspected to estimate the distress, severity and extent of the pavement condition with the goal of rating all streets over a three-year period. The system calculates the Pavement Condition Index representing a value ranging from zero to 100. The City's intent is to retain an overall condition level value of not less than 60. The value of 60 represents a system that needs repairs and improvements. A rating of 90 to 100 would show an excellent condition, 80 to 89 a good condition, 70 to 79 a fair condition and below 70 a poor condition.

The condition of bridges is measured using the Federal Highway Administration Rating System. The federal system uses a measurement scale that is based on a condition index ranging from zero for a failed bridge to 100 for a bridge in perfect condition. The condition index is used to classify bridges and culverts in better (75 rating and up) or good condition (65 to 74), fair condition (45 to 64) and substandard condition (less than 45). It is the City's policy to maintain on average at least 75 percent of its bridge system at a good or better condition level. No more than 10 percent should be in the substandard condition. Condition assessments are determined every other year. All bridges are rated at least once every two years.

The condition of street lighting is measured using a system designed by the City. The system uses a measurement scale that is based on an assigned condition index to a streetlight of zero for failing or 100 for passing each measured factor and measures 16 different factors. The condition index is used to classify street lighting in better condition (90 and up), good condition (80 to 89), and substandard condition (less than 80). It is the City's policy to maintain an overall average of at least 90 percent condition rating (better condition rating) for the entire street light system. No more than 10 percent of the entire street lighting system should be below the better condition rating. Condition assessments are determined every year. Streetlights are selected for condition assessments systematically by a private contractor hired to assess and immediately repair all street lights inspected. The plan is to have 100 percent of all streetlights inspected, with corresponding repairs, every four years.

APPENDIX B

**DEFINITIONS OF WORDS AND TERMS AND
SUMMARIES OF CERTAIN LEGAL DOCUMENTS**

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APPENDIX B

DEFINITIONS OF WORDS AND TERMS AND SUMMARY OF CERTAIN LEGAL DOCUMENTS

SERIES 2017A AND SERIES 2017B INDENTURE

The following is a summary of certain provisions of the Trust Indenture, dated as of March 1, 2017 (referred to within this section summarizing such Indenture, as the “Indenture”), pursuant to which the Series 2017A Bonds and the Series 2017B Bonds (referred to collectively within this section as the “Series 2017 Bonds” or the “Bonds”) will be issued. The summary does not purport to be complete or comprehensive, and this summary is qualified in its entirety by reference to the Indenture, copies of which are available from the Issuer.

Definitions of Words and Terms. For all purposes of the Indenture, except as otherwise provided or unless the context otherwise requires, the following words and terms used in the Indenture shall have the following meanings:

“*Appropriated Moneys*” means moneys of the Issuer which have been annually appropriated by the Issuer to pay the principal of and interest due on the Bonds and other payments described in the Indenture.

“*Bondowner*,” “*Owner*,” “*Bondholder*” or “*Holder*” means, as of any time, the registered owner of any Series 2017 Bond as shown in the register kept by the Trustee as bond registrar.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement between the Issuer and the Original Purchaser of the Series 2017 Bonds.

“*Business Day*” means a day, other than a Saturday or Sunday, on which the Trustee and any Paying Agent shall be scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

“*Continuing Disclosure Undertaking*” means the Continuing Disclosure Undertaking dated as of March 1, 2017, of the Issuer, as from time to time amended in accordance with the provisions thereof.

“*Costs of Issuance*” means issuance costs with respect to the Series 2017 Bonds described in Section 147(g) of the Internal Revenue Code, including but not limited to the following:

- (a) underwriters’ spread (whether realized directly or derived through purchase of Bonds at a discount below the price at which they are expected to be sold to the public);
- (b) counsel fees (including bond counsel, underwriter’s counsel, disclosure counsel, Issuer’s counsel, as well as any other specialized counsel fees incurred in connection with the borrowing);
- (c) financial advisor fees of any financial advisor to the Issuer incurred in connection with the issuance of the Series 2017 Bonds;
- (d) rating agency fees;
- (e) trustee, escrow agent and paying agent fees;
- (f) accountant fees and other expenses related to issuance of the Series 2017 Bonds;
- (g) printing costs (for the Series 2017 Bonds and of the preliminary and final Official Statement relating to the Series 2017 Bonds); and
- (h) other fees and expenses of the Issuer incurred in connection with the issuance of the Series 2017 Bonds.

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

“*Debt Service Fund*” means individually or collectively, the Series 2017A Debt Service Fund and the Series 2017B Debt Service Fund.

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

“*Defeasance Obligations*” means:

- (a) Government Obligations which are not subject to redemption prior to maturity; or
- (b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations); or
- (c) Pre-refunded municipal obligations meeting the requirements of paragraph (g) of the definition of Permitted Investments; or
- (d) Obligations issued by the following agencies which are backed by the full faith and credit of the United States: (i) U.S. Export-Import Bank (Eximbank), Direct obligations or fully guaranteed certificates of beneficial ownership; (ii) Farmers Home Administration (FmHA), Certificates of beneficial ownership; (iii) Federal Financing Bank; (iv) General Services Administration, Participation certificates; (iv) U.S. Maritime Administration, Guaranteed Title XI financing; (v) U.S. Department of Housing and Urban Development (HUD), Project Notes, Local Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

“*Event of Default*” means any event of default as defined in the Indenture.

“*Event of Nonappropriation*” means failure of the Issuer to budget and appropriate on or before the last day of any Fiscal Year moneys sufficient to pay the debt service payments and additional amounts due under the Indenture and payable during the next Fiscal Year.

“*Fiscal Year*” means the Issuer’s fiscal year, which is currently May 1 to April 30, or as it may be hereinafter defined by the Issuer.

“*General City Project*” means a Project designated by the Issuer pursuant to the Indenture.

“*Government Obligations*” means 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.

“*Indenture*” means the Trust Indenture, dated as of March 1, 2017, between the Issuer and the Trustee, which authorizes the issuance of the Issuer’s Series 2017A Bonds and Series 2017B Bonds, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of the Indenture.

“*Internal Revenue Code*” means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) under the Indenture and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

“*Issuer*” means the City of Kansas City, Missouri, a constitutional charter city and political subdivision of the State of Missouri and its successors and assigns.

“*Issuer Representative*” means the City Manager, the Director of Finance, the City Treasurer or any such other person at the time designated to act on behalf of the Issuer as evidenced by a written certificate furnished by the Issuer to the Trustee containing the specimen signature of such person and signed on behalf of the Issuer by the Director of Finance. References to each Issuer Representative shall include any person designated as serving in an acting capacity. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Issuer Representative.

“*Linwood Cooperative Agreement*” means any Cooperative Agreement between the Issuer and the Tax Agreement Financing Commission of Kansas City, Missouri relating to the Linwood Project.

“*Linwood Debt Service Account*” means the account by that name created in the Series 2017A Debt Service Fund pursuant to the Indenture.

“*Linwood Debt Service Portion*,” means, upon the issuance of the Series 2017A Bonds, that portion of the debt service on the Series 2017A Bonds allocable to the financing of the Linwood Project and related costs of issuance of the Series 2017A Bonds.

“*Linwood Project*” means certain public improvements described by the Linwood Shopping Center Tax Increment Financing Plan.

“*Linwood Project Account*” means the account by that name created in the Series 2017A Project Fund pursuant to the Indenture.

“*Linwood Project Portion*” means that portion of the Series 2017A Bonds that finances the Linwood Project.

“*Moody’s*” means Moody’s Investors Service, Inc., and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*Moody’s*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, by notice to the Trustee.

“*Officer’s Certificate*” means a written certificate in the form described in the Indenture of the Issuer signed by the Issuer Representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, the Issuer with respect to matters set forth therein.

“*Opinion of Co-Bond Counsel*” means a written opinion in the form described in the Indenture of any legal counsel acceptable to the Issuer and the Trustee who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

“*Opinion of Counsel*” means a written opinion in the form described in the Indenture of any legal counsel acceptable to the Trustee, who may be an employee of or counsel to the Trustee or the Issuer.

“*Outstanding*” means when used with respect to Series 2017 Bonds, as of the date of determination, all Series 2017 Bonds theretofore authenticated and delivered under the Indenture, except:

- (a) Series 2017 Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in the Indenture;
- (b) Series 2017 Bonds for whose payment or redemption money or Government Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the owners of such Series 2017 Bonds as provided in the Indenture, provided that, if such Series 2017 Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;
- (c) Series 2017 Bonds in exchange for or in lieu of which other Series 2017 Bonds have been authenticated and delivered under the Indenture; and
- (d) Series 2017 Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in the Indenture.

“*Participants*” means those financial institutions for which the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“*Paying Agent*” means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to the Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Series 2017 Bonds shall be payable.

“*Payment Date*” means any date on which the principal of or interest on any Series 2017 Bonds is payable.

“*Permitted Investments*” means any of the following securities, if and to the extent the same are at the time legal for investment of the moneys held in the funds and accounts listed in the Indenture:

- 1. United States Treasury Securities (Bills, Notes, Bonds and Strips).
- 2. United States Agency/GSE Securities. The Issuer may invest in obligations issued or guaranteed by any agency of the United States Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable market value that are described as follows:
 - (a) U.S. Government Agency Coupon and Zero Coupon Securities.
 - (b) U.S. Government Agency Discount Notes.
 - (c) U.S. Government Agency Callable Securities. Restricted to securities callable at par only.
 - (d) U.S. Government Agency Step-Up Securities. The coupon rate is fixed for an initial term. At the step-up date, the coupon rate rises to a new, higher fixed interest rate.
 - (e) U.S. Government Agency Floating Rate Securities. Restricted to coupons with no interim caps that reset at least quarterly and that float off of only one index.
 - (f) U.S. Government Agency/GSE Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than five (5) years when analyzed in a +300 basis point interest rate environment.
- 3. Repurchase Agreements. The Issuer may invest in contractual agreements between the Issuer and commercial banks or primary government securities dealers. The Securities Industry & Financial Markets Association’s (or any successor’s) guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement

transactions as more fully described in the Issuer's investment policy. All repurchase agreement transactions will be either physical delivery or tri-party.

4. Bankers' Acceptances. The Issuer may invest in bankers' acceptances issued by domestic commercial banks possessing the highest credit rating issued by Moody's or S&P.

5. Commercial Paper. The Issuer may invest in commercial paper issued by domestic corporations, which has received the highest short-term credit rating issued by Moody's or S&P. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars (\$500,000,000) and are not listed on Credit Watch with negative implications by any nationally recognized credit rating agency at the time of purchase.

6. Municipal Securities (State and Local Government Obligations). The Issuer may invest in municipal obligations that are issued in either tax-exempt or taxable form.

(a) Any full faith and credit obligations of the State of Missouri rated at least A or A2 by S&P or Moody's.

(b) Any full faith and credit obligations of any city, county or school district in the State of Missouri rated at least AA or Aa2 by S&P or Moody's.

(c) Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least A or A2 by S&P or Moody's.

(d) Any full faith and credit obligation of any state or territory of the United States of America rated at least AA or Aa2 by S&P or Moody's.

(e) Any full faith and credit obligations of any city, county or school district in any state or territory of the United States of America rated AAA or Aaa by S&P or Moody's.

(f) Any revenue bonds issued by the Missouri Department of Transportation rated at least AA or Aa2 by S&P or Moody's.

(g) Any municipal obligation that is pre-refunded or escrowed to maturity as to both principal and interest with escrow securities that are fully guaranteed by the United States Government, without regard to rating by S&P or Moody's.

7. Money Market Mutual Funds. Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, rated in either of the two highest categories by Moody's and S&P (in either case without regard to any modifier).

8. Other. Such other investments not described above that are allowed pursuant to Missouri law and approved in the Charter.

References to particular ratings and rating categories in this definition are applicable only at the time of purchase of the Permitted Investments.

"Person" means any natural person, firm, association, corporation, partnership, limited liability company, joint stock company, a joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

"Rating Agency" means Moody's or S&P or any other nationally recognized securities rating service.

"Rebate Fund" means the fund by that name created for the Series 2017B Bonds by the Indenture.

"Record Date" means the 15th day (whether or not a Business Day) of the calendar month next preceding the month in which an interest payment on any Bond is to be made.

"Refunded Series 2014D Bonds" means \$1,504,000 principal amount of the currently Outstanding Special Obligation Bond Anticipation Bonds (Streetcar System Expansion Project) Series 2014D of the Issuer.

“*Refunding Fund*” means the fund by that name created by the Indenture.

“*Replacement Bonds*” means Bonds issued to the beneficial owners of the Series 2017 Bonds in accordance with the Indenture.

“*Securities Depository*” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“*Series 2017 Bonds*” or the “*Bonds*” means, collectively, the Series 2017A Bonds and the Series 2017B Bonds.

“*Series 2017 Project Fund*” means the fund by that name created by the Indenture.

“*Series 2017A Bonds*” means the series of Taxable Special Obligation Bonds (Kansas City, Missouri, Projects), Series 2017A, aggregating the principal amount of \$31,610,000.

“*Series 2017A Costs of Issuance Account*” means the account by that name in the Costs of Issuance Fund established in the Indenture.

“*Series 2017A Debt Service Fund*” means the fund by that name created by the Indenture.

“*Series 2017A Project*” means the costs of any Series 2017A Project listed in the Indenture and, collectively, means the costs of certain capital improvements and other projects including, but not limited to the projects listed in the Indenture.

“*Series 2017A Projects Account*” means the account by that name created in the Series 2017 Project Fund pursuant to the Indenture.

“*Series 2017B Bonds*” means the series of Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B, aggregating the principal amount of \$19,185,000.

“*Series 2017B Costs of Issuance Account*” means the account by that name in the Costs of Issuance Fund established in the Indenture.

“*Series 2017B Debt Service Fund*” means the fund by that name created by the Indenture.

“*Series 2017B Project*” means the costs of any Series 2017B Project listed in the Indenture and, collectively, means the costs of certain capital improvements and other projects including, but not limited to the projects listed in the Indenture.

“*Series 2017B Projects Account*” means the account by that name created in the Series 2017 Project Fund pursuant to the Indenture.

“*S&P*” means S&P Global Ratings, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, S&P shall be deemed to refer to any other nationally recognized securities rating service designated by the Issuer, with notice to the Trustee.

“*Supplemental Indenture*” means any indenture supplemental or amendatory to the Indenture entered into by the Issuer and the Trustee pursuant to the Indenture.

“*Tax Compliance Agreement*” means the Tax Compliance Agreement between the Issuer and the Trustee relating to the Series 2017B Bonds.

“*Transaction Documents*” means the Indenture, the Series 2017 Bonds, the Official Statement relating to the Series 2017 Bonds, the Continuing Disclosure Undertaking, the Bond Purchase Agreement, the Tax Compliance Agreement and any and all other documents or instruments that evidence or are a part of the transactions referred to in the Indenture, or the Official Statement, or contemplated by the Indenture or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “*Transaction Documents*” are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

Granting Clauses. Pursuant to the Indenture, the Issuer transfers in trust, pledges and assigns to the Trustee, and grants a security interest to the Trustee in, the property described in paragraphs (a), (b) and (c) below (said property referred to therein as the “Trust Estate”):

- (a) All Appropriated Moneys;
- (b) All moneys and securities (except moneys and securities held in the Rebate Fund) from time to time held by the Trustee under the terms of the Indenture; and
- (c) Any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture by the Issuer or by anyone in its behalf or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

Method and Place of Payment. The principal of, redemption premium, if any, and interest on the Series 2017 Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

The principal of and the redemption premium, if any, on all Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond register maintained by the Trustee at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the principal corporate trust office of the Trustee or of any Paying Agent named in the Series 2017 Bonds.

The interest payable on each Bond on any Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond register at the close of business on the Record Date for such interest, (a) by check or draft mailed to such registered owner at such owner’s address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such owner, or (b) at the written request addressed to the Trustee by any owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to such owner upon written notice to the Trustee from such owner containing the electronic transfer instructions (which shall be in the continental United States) to which such owner wishes to have such transfer directed and such written notice is given by such owner to the Trustee not less than 15 days prior to the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner’s account at such bank to which the payment is to be credited.

Interest on any Bond that is due and payable but not paid on the date due (“Defaulted Interest”) shall cease to be payable to the owner of such Bond on the relevant Record Date and shall be payable to the owner in whose name such Bond is registered at the close of business on a special record date (the

“Special Record Date”) for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the owners of the Bonds entitled to such Defaulted Interest. Following receipt of such funds, the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each owner of a Bond entitled to such notice at the address of such owner as it appears on the bond register not less than 10 days prior to such Special Record Date.

Subject to the foregoing provisions of this paragraph, each Bond delivered under the Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Creation and Ratification of Funds and Accounts. There are hereby created and ordered to be established and/or ratified in the custody of the Trustee the following special trust funds in the name of the Issuer to be designated as follows:

- (a) Costs of Issuance Fund, including a Series 2017A Costs of Issuance Account and a Series 2017B Costs of Issuance Account.
- (b) Series 2017A Debt Service Fund, and within such Fund a Series 2017A Capitalized Interest Account and a Linwood Debt Service Account.
- (c) Series 2017B Debt Service Fund.
- (d) Series 2017 Project Fund, including a Series 2017A Projects Account, a Linwood Project Account and a Series 2017B Projects Account.
- (e) Refunding Fund.
- (f) Rebate Fund for the Series 2017B Bonds.

The Trustee is authorized to establish separate accounts within such funds or otherwise segregate moneys within such funds, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient, or as the Trustee shall be instructed by the Issuer.

Costs of Issuance Fund. The moneys on deposit in the Series 2017A Costs of Issuance Account and the Series 2017B Costs of Issuance Account shall be disbursed by the Trustee from time to time, upon receipt of written disbursement requests of the Issuer signed by the Issuer Representative, in amounts equal to the amount of Costs of Issuance certified in such written requests. At such time as the Trustee is furnished with an Officer’s Certificate from the Issuer stating that all Costs of Issuance have been paid, and in any case not later than six months from the date of original issuance of the Series 2017 Bonds, unless waived by the Issuer, the Trustee shall transfer any moneys remaining in the applicable Costs of Issuance Account to the corresponding Project Fund, or, if directed by the Issuer, to the corresponding Debt Service Fund in such amount as directed by the Issuer.

Disbursements from the Series 2017A Projects Account and Linwood Project Account of the Project Fund.

(a) The Trustee is authorized and directed to make each disbursement from the Series 2017A Projects Account or Linwood Project Account of the Project Fund, upon submission of a disbursement request executed by the Issuer Representative.

(b) Moneys in the Series 2017A Projects Account and Linwood Project Account of the Project Fund may be invested as provided in the Indenture. The Trustee shall keep and maintain adequate records pertaining to the Series 2017A Projects Account and Linwood Project Account of the Project Fund and all receipts and disbursements therefrom, including records of all disbursement requests submitted pursuant to the Indenture.

(c) Upon completion in its entirety of each listed Series 2017A Project and the Linwood Project as set forth in the Indenture, the Issuer shall deliver to the Trustee within 90 days thereafter a Certificate of Completion. After a completion certificate has been filed with the Trustee, the Trustee shall, upon the written request of the Issuer, file an accounting thereof with the Issuer. At the written direction of the City, any amount remaining in the Series 2017A Projects Account of the Project Fund attributable to a completed Series 2017A Project, or any amount as otherwise directed by the City, shall be transferred to the Series 2017A Debt Service Fund and applied in the following order of priority: (1) to pay the next successive principal payment and accrued interest on the Series 2017A Bonds to become due and (2) to redeem Series 2017A Bonds at the earliest permissible date under the Indenture, provided that if any portion of the excess is attributable to amounts deposited into the Linwood Project Account such transferred funds shall be applied only to the Linwood Debt Service Portion deposited in the Linwood Debt Service Account of the Debt Service Fund. The Trustee shall be entitled to rely conclusively on the statements of fact and certifications contained in any disbursement request or completion certificate furnished to the Trustee under the Indenture.

If an event of default specified in the Indenture shall have occurred and the Bonds shall have been declared due and payable pursuant to the Indenture, any balance remaining in the Series 2017A Projects Account of the Project Fund shall without further authorization be deposited in the Series 2017A Debt Service Fund by the Trustee.

(d) Amounts deposited in the Linwood Project Account shall be used only to pay or reimburse costs of the Linwood Project. Any balance remaining in the Linwood Project Account upon the completion of the Linwood Project shall upon written instructions by the Issuer be transferred to the Linwood Debt Service Account in the Debt Service Fund and used to pay the Linwood Debt Service Portion of the Series 2017A Bonds.

(e) **Designation of Additional Series 2017A Projects.** The Issuer may designate an additional project identified as a General City Project to be financed in whole or in part with proceeds of the Series 2017A Bonds, provided that the Issuer and the Trustee shall have first received an Opinion of Co-Bond Counsel, in a form acceptable to the Trustee, that use of proceeds of the Series 2017A Bonds for such General City Project is permitted under the terms of the Indenture. The Issuer shall notify the Trustee of any such designation. Upon such designation by the Issuer, the Trustee is authorized and directed to make disbursements from the Series 2017A Projects Account to be applied to the cost of such General City Project pursuant to the provisions of this paragraph.

Disbursements from the Series 2017B Projects Account of the Project Fund.

(a) The Trustee is authorized and directed to make each disbursement from the Series 2017B Projects Account of the Project Fund, upon submission of a disbursement request executed by the Issuer Representative. The execution of any disbursement request by an Issuer Representative shall constitute an irrevocable determination that all conditions precedent to the payments requested have been completed.

(b) Moneys in the Series 2017B Projects Account of the Project Fund may be invested as provided in the Indenture. The Trustee shall keep and maintain adequate records pertaining to the Series 2017B Projects Account of the Project Fund and all receipts and disbursements therefrom, including records of all disbursement requests submitted pursuant to the Indenture. After each disbursement from the Series 2017B Projects Account, the Trustee shall furnish the City a monthly statement for such account reflecting such disbursement.

(c) Upon completion in its entirety of each listed Series 2017B Project as set forth in the Indenture, the Issuer shall deliver to the Trustee within 90 days thereafter a Certificate of Completion. After a completion certificate has been filed with the Trustee, the Trustee shall, upon the written request of the Issuer, file an accounting thereof with the Issuer. At the written direction of the City, any amount remaining in the Series 2017B Projects Account of the Project Fund attributable to a completed Series 2017B Project, or any amount as otherwise directed by the City, shall be transferred to the Series 2017B Debt Service Fund and applied in the following order of priority: (1) to pay the next successive principal payment and accrued interest on the Series 2017B Bonds to become due and (2) to redeem Series 2017B Bonds at the earliest permissible date under the Indenture. The Trustee shall be entitled to rely conclusively on the statements of fact and certifications contained in any disbursement request or completion certificate furnished to the Trustee under the Indenture. If an event of default specified in the Indenture shall have occurred and the Bonds shall have been declared due and payable pursuant to the Indenture, any balance remaining in the Series 2017B Projects Account of the Project Fund, other than amounts required to be transferred to the Rebate Fund pursuant to the Indenture, shall without further authorization be deposited in the Series 2017B Debt Service Fund by the Trustee.

(d) **Designation of Additional Series 2017B Projects.** The Issuer may designate an additional capital improvement identified as a General City Project to be financed in whole or in part with proceeds of the Series 2017B Bonds, provided that the Issuer and the Trustee shall have first received an Opinion of Co-Bond Counsel, in a form acceptable to the Trustee, that use of proceeds of the Series 2017B Bonds for such project is permitted under the terms of the Indenture and shall not adversely affect the exclusion of interest on the Series 2017B Bonds for federal income tax purposes. The Issuer shall notify the Trustee of any such designation. Upon such designation by the Issuer, the Trustee is authorized and directed to make disbursements from the Series 2017B Projects Account to be applied to the cost of such General City Project pursuant to the provisions of the Indenture.

Series 2017A Debt Service Fund. The Trustee shall deposit and credit to the Series 2017A Debt Service Fund, and as applicable to the Series 2017A Capitalized Interest Account therein, as and when received, as follows:

(a) The amounts required to be deposited therein under the Indenture.

(b) Interest earnings and other income on Permitted Investments required to be deposited in the Series 2017A Debt Service Fund pursuant to the Indenture.

(c) All other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or any other Transaction Document, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Series 2017A

Debt Service Fund. Amounts provided to the Trustee by the pursuant to the Linwood Cooperative Agreement shall be kept separate and apart from other funds deposited pursuant to the Indenture and shall be deposited in the Linwood Debt Service Account and used exclusively to pay the Linwood Debt Service Portion of the Series 2017A Bonds.

The moneys in the Series 2017A Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of the Indenture to pay the principal of and redemption premium, if any, and interest on the Series 2017A Bonds as the same become due and payable. Except as otherwise provided, moneys in the Series 2017A Debt Service Fund shall be expended solely as follows: (i) to pay interest on the Series 2017A Bonds as the same becomes due; (ii) to pay principal of and accrued interest the Series 2017A Bonds as the same mature or become due and upon any mandatory sinking fund redemption thereof; and (iii) to pay principal of and accrued interest and redemption premium, if any, on the Series 2017A Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to maturity.

The Trustee is authorized and directed to withdraw sufficient funds from the Series 2017A Debt Service Fund to pay principal of, redemption premium, if any, and interest on the Series 2017A Bonds as the same become due and payable at maturity or upon redemption and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said principal, redemption premium, if any, and interest.

The Trustee, upon the written instructions from the Issuer, shall use excess moneys in the Series 2017A Debt Service Fund to redeem all or part of the Series 2017A Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the Issuer, in accordance with the provisions of the Indenture, to the extent said moneys are in excess of the amount required for payment of Series 2017A Bonds theretofore matured or called for redemption. The Issuer may cause such excess money in the Series 2017A Debt Service Fund or such part thereof or other moneys of the Issuer, as the Issuer may direct, to be applied by the Trustee on a best efforts basis to the extent practical for the purchase of Series 2017A Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of, redemption premium, if any, and interest on the Series 2017A Bonds (or after provision has been made for the payment thereof as provided in the Indenture), and the fees, charges and expenses of the Trustee, any Paying Agents and the Issuer, and any other amounts required to be paid under the Indenture, all amounts remaining in the Series 2017A Debt Service Fund shall be paid to the Issuer.

Series 2017B Debt Service Fund. The Trustee shall deposit and credit to the Series 2017B Debt Service Fund, as and when received, as follows:

- (a) The amounts required to be deposited therein under the Indenture.
- (b) Interest earnings and other income on Permitted Investments required to be deposited in the Series 2017B Debt Service Fund pursuant to the Indenture.
- (c) All other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or any other Transaction Document, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Series 2017B Debt Service Fund.

The moneys in the Series 2017B Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of the Indenture to pay the principal of and redemption premium, if any, and interest on the Series 2017B Bonds as the same become due and payable. Except as otherwise provided therein, moneys in the Series 2017B Debt Service Fund shall be expended solely as follows: (i) to pay interest on the Series 2017B Bonds as the same becomes due; (ii) to pay principal of the Series 2017B Bonds as the same mature or become due and upon any mandatory sinking fund redemption thereof; and (iii) to pay principal of and accrued interest and redemption premium, if any, on the Series 2017B Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to maturity.

The Trustee is authorized and directed to withdraw sufficient funds from the Series 2017B Debt Service Fund to pay principal of, redemption premium, if any, and interest on the Series 2017B Bonds as the same become due and payable at maturity or upon redemption and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said principal, redemption premium, if any, and interest.

The Trustee, upon the written instructions from the Issuer, shall use excess moneys in the Series 2017B Debt Service Fund to redeem all or part of the Series 2017B Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the Issuer, in accordance with the provisions of the Indenture, to the extent said moneys are in excess of the amount required for payment of Series 2017B Bonds theretofore matured or called for redemption. The Issuer may cause such excess money in the Series 2017B Debt Service Fund or such part thereof or other moneys of the Issuer, as the Issuer may direct, to be applied by the Trustee on a best efforts basis to the extent practical for the purchase of Series 2017B Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of, redemption premium, if any, and interest on the Series 2017B Bonds (or after provision has been made for the payment thereof as provided in the Indenture), and the fees, charges and expenses of the Trustee, any Paying Agents and the Issuer, and any other amounts required to be paid under the Indenture, all amounts remaining in the Series 2017B Debt Service Fund shall be paid to the Issuer.

Rebate Fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement and pursuant to the Indenture. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America or any expenses incurred in connection with the calculation of rebate, and neither the Issuer nor the owner of any Bonds shall have any rights in or claim to such money, except as provided in the Indenture. All amounts held in the Rebate Fund shall be governed by this paragraph and by the Tax Compliance Agreement (which is incorporated by reference).

Pursuant to the Tax Compliance Agreement, the Trustee shall remit all required rebate installments and a final rebate payment to the United States in accordance with the written direction of the Issuer. The Trustee shall not have any obligation to pay any amounts required to be rebated pursuant to this paragraph and the Tax Compliance Agreement, other than from moneys held in the Rebate Fund created under the Indenture as provided in the Indenture or from other moneys provided to it by the Issuer. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Series 2017B Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and paid to the Issuer.

Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Bonds or the date fixed for redemption of any

Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Issuer to the owner thereof for the payment of such Bond, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust in a separate trust account, without liability for interest thereon, for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on such person's part under the Indenture or on or with respect to said Bond. If any Bond shall not be presented for payment within four years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the Issuer the funds theretofore held by it for payment of such Bond without liability for interest thereon, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Records and Reports of Trustee. The Trustee agrees to maintain such records with respect to any and all moneys or investments held by the Trustee pursuant to the provisions of the Indenture as are requested by the Issuer. The Trustee shall furnish to the Issuer, monthly on the tenth Business Day after the end of each calendar month, a report on the status of each of the funds and accounts established under the Indenture which are held by the Trustee, showing the balance in each such fund or account as of the first day of the preceding month, the total of deposits to and the total of disbursements from each such fund or account, the dates of such deposits and disbursements, and the balance in each such fund or account on the last day of the preceding month. The Trustee shall render an annual accounting for each Fiscal Year to the Issuer and any bondowner at the expense of such bondowner requesting the same, showing in reasonable detail all financial transactions relating to the Trust Estate during the accounting period, including investment earnings and the balance in any funds or accounts created by the Indenture as of the beginning and close of such accounting period.

Investment of Moneys. Moneys held in each of the funds and accounts under the Indenture shall, pursuant to written directions of the Issuer Representative, be invested and reinvested by the Trustee in accordance with the provisions of the Indenture and the Tax Compliance Agreement, in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. If the Issuer fails to provide written directions concerning investment of moneys held in the funds and accounts, the Trustee shall invest in such Permitted Investments specified in paragraph (7) of the definition of Permitted Investments, provided they mature or are subject to redemption prior to the date such funds will be needed. The Trustee may conclusively rely upon the written direction of the Issuer Representative as to the suitability and legality of any directed investment. The Trustee is specifically authorized to implement its automated cash investment system to invest cash and to charge its normal cash management fees, which may be deducted from earned income on investments. The Trustee may make any investments permitted by the provisions of this paragraph through its own bond department or short-term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes except moneys held in any fund or account that are required to be yield restricted in accordance with the Tax Compliance Agreement, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments (other than any amounts required to be deposited in the

Rebate Fund pursuant to the Indenture) shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account. Investment earnings on amounts deposited under the Indenture allocable to a series of Bonds shall be transferred to the Debt Service Fund for such series of Bonds and used to pay debt service on such Bonds on the next Payment Date. After the Trustee has notice pursuant to the Indenture of the existence of an Event of Default, the Trustee shall direct the investment of moneys in the funds and accounts held under the Indenture. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments.

Limited Obligations. The Bonds and the interest thereon shall be special, limited obligations of the Issuer payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof and under certain circumstances from insurance proceeds and condemnation awards) solely out of Appropriated Moneys and moneys in the Funds and Accounts held by the Trustee under the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the Issuer within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the Issuer, but shall be payable solely from the funds provided for in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the Issuer to levy any form of taxation therefor or to make any appropriation for their payment.

Inspection of Books. The Issuer covenants and agrees that all books and documents in its possession relating to the Bonds and the Indenture, and the transactions relating thereto shall at all reasonable times be open to inspection by the Trustee and such accountants or other agencies as the Trustee may from time to time designate and the Trustee and its agents may take such memoranda from and in regard thereto as may be desired. The Trustee covenants and agrees that all books and documents in its possession relating to the Bonds and the Indenture, and the transactions relating thereto, including financial statements of the Issuer, shall be open to inspection by the Issuer during business hours upon reasonable notice.

Annual Appropriations. The Issuer intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to the Indenture, moneys sufficient to pay all the principal of and interest on the Bonds coming due in the next succeeding Fiscal Year. The Issuer shall deliver written notice to the Trustee no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the principal of and interest on the Bonds to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the principal of and interest on the Bonds to become due during such Fiscal Year, the failure of the Issuer to deliver the foregoing notice on or before the fifteenth 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 Issuer'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 principal of and interest on the Bonds to become due during such succeeding Fiscal Year, the failure of the Issuer to deliver the foregoing notice on or before the fifteenth 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 Issuer 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 Bonds are Outstanding, an appropriation for all payments of principal of and interest on the Bonds required for the ensuing Fiscal Year; it being the intention of the Issuer that the decision to appropriate or not to appropriate under the Indenture shall be made solely by the

City Council and not by any other official of the Issuer. The Issuer intends, subject to the provisions above respecting the failure of the Issuer to budget or appropriate funds to make payments on the Bonds, to pay the debt service on the Bonds under the Indenture. The Issuer reasonably believes that legally available funds in an amount sufficient to make all payments of principal of and interest on the Bonds due during each Fiscal Year can be obtained. The Issuer further intends to do all things lawfully within its power to obtain and maintain funds from which payments of principal of and interest on the Bonds may be made, including making provision for such debt service payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the Issuer. Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the Issuer's normal procedures for such decisions.

Property Insurance. The City shall, under the City's customary insurance practices (which may include self-insurance) or otherwise, take such measures as may be necessary or appropriate in accordance with sound business practices to insure, or cause to be insured, the Series 2017 Projects funded with proceeds of the Series 2017 Bonds and the other projects funded with proceeds of the Series 2017 Bonds to the extent insurable against loss included in all risk insurance policies then in use in the State in an amount not less than the full replacement value of the Series 2017 Project and such other projects less the standard exclusions.

Events of Default. The term "Event of Default," wherever used in the Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (a) default in the payment of any interest on any Bond when such interest becomes due and payable;
- (b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or
- (c) default in the performance, or breach, of any covenant or agreement of the Issuer in the Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in this paragraph), and continuance of such default or breach for a period of 60 days after there has been given to the Issuer by the Trustee or to the Issuer and the Trustee by the owners of at least 10% in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an Event of Default if the Issuer shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch.

Acceleration of Maturity; Rescission and Annulment. If an Event of Default occurs and is continuing, the Trustee may, and shall at the direction of the owners of not less than 25% in principal amount of the Bonds Outstanding, by written notice to the Issuer, declare the principal of all Bonds Outstanding and the interest accrued thereon to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in the Indenture or the Bonds to the contrary notwithstanding.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in the Indenture, the Trustee or the owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if

- (a) the Issuer has deposited with the Trustee a sum sufficient to pay
 - (i) all overdue installments of interest on all Bonds;
 - (ii) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in the Bonds;
 - (iii) interest upon overdue installments of interest at the rate prescribed therefor in the Bonds; and
 - (iv) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and
- (b) all events of default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in the Indenture.
- (c) No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Exercise of Remedies by the Trustee. Upon the occurrence and continuance of any Event of Default under the Indenture, unless the same is waived as provided in the Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under the Indenture or by law:

- (a) ***Right to Bring Suit, Etc.*** The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under the Indenture, to realize on or to foreclose any of its interests or liens under the Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the Issuer as set forth in the Indenture and to enforce or preserve any other rights or interests of the Trustee under the Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.
- (b) ***Exercise of Remedies at Direction of Bondowners.*** If requested in writing to do so by the owners of not less than 25% in principal amount of Bonds Outstanding and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by the Indenture as the Trustee shall deem most expedient in the interests of the bondowners.
- (c) ***Appointment of Receiver.*** Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondowners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) ***Suits to Protect the Trust Estate.*** The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture and to protect its interests and the interests of the bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under the Indenture or be prejudicial to the interests of the bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the bondowners in any judicial proceeding to which the Issuer is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the bondowners.

(e) ***Enforcement Without Possession of Bonds.*** All rights of action under the Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of the Indenture, shall be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.

(f) ***Restoration of Positions.*** If the Trustee or any bondowner has instituted any proceeding to enforce any right or remedy under the Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such bondowner, then and in every case the Issuer and the bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Indenture, and thereafter all rights and remedies of the Trustee and the bondowners shall continue as though no such proceeding had been instituted.

Limitation on Suits by Bondowners. No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Indenture, unless

(a) such owner has previously given written notice to the Trustee of a continuing Event of Default;

(b) the owners of not less than 25% in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Indenture;

(c) such owner or owners have offered to the Trustee indemnity as provided in the Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the

lien of the Indenture or the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other owners or to enforce any right under the Indenture, except in the manner therein provided and for the equal and ratable benefit of all Outstanding Bonds.

Notwithstanding the foregoing or any other provision in the Indenture, however, the owner of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the redemption date) and nothing contained in the Indenture shall affect or impair the right of any owner to institute suit for the enforcement of any such payment.

Control of Proceedings by Bondowners. The owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an Event of Default, provided indemnity has been provided to the Trustee in accordance with the Indenture:

(a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Indenture, or otherwise; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture; provided that

(i) such direction shall not be in conflict with any rule of law or the Indenture;

(i) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

(ii) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction.

Application of Moneys Collected. Any moneys collected by the Trustee pursuant to the Indenture, together with any other sums then held by the Trustee as part of the Trust Estate (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys), shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) FIRST: To the payment of all undeducted amounts due the Trustee under the Indenture;

(b) SECOND: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and

(c) THIRD: To the payment of the remainder, if any, to the Issuer or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this paragraph, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be a Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, in accordance with the Indenture, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Delay or Omission Not Waiver. No delay or omission of the Trustee or of any owner of any Bond to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by the Indenture or by law to the Trustee or to the bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the bondowners, as the case may be.

Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in the Indenture, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Trustee and the Issuer, on behalf of the owners of all the Bonds waive any past default under the Indenture and its consequences, except a default

- (a) in the payment of the principal of (or premium, if any) or interest on any Bond; or
- (b) in respect of a covenant or provision hereof which under the Indenture cannot be modified or amended without the consent of the owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

Resignation and Removal of Trustee.

(a) The Trustee may resign at any time by giving written notice thereof to the Issuer and each owner of Bonds Outstanding as shown by the list of bondowners required by the Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) If the Trustee has or shall acquire any conflicting interest (as determined by the Trustee), it shall, within 90 days after ascertaining that it has a conflicting interest, or within 30 days after receiving written notice from the Issuer (so long as the Issuer is not in default under the Indenture) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in the Indenture.

(c) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Issuer and the Trustee signed by the owners of a majority in principal amount of the Outstanding Bonds, or, so long as the Issuer is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default under the Indenture, by the Issuer. The Issuer or any bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee. The Trustee may be removed at any time, for any breach of its obligations under the Indenture.

(d) If at any time:

(i) the Trustee shall fail to comply with subsection (b) after written request therefor by the Issuer or by any bondowner;

(ii) the Trustee shall cease to be eligible under the Indenture and shall fail to resign after written request therefor by the Issuer or by any such bondowner; or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (A) the Issuer may remove the Trustee, or (B) any bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) The Trustee shall give notice at the expense of the Issuer of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the registered owners of Bonds as their names and addresses appear in the bond register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

(f) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the Indenture shall become effective until the acceptance of appointment by the successor Trustee under the Indenture.

Appointment of Successor Trustee. If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the City (so long as no Event of Default under the Indenture has occurred and is continuing), or the owners of a majority in principal amount of Bonds Outstanding (if an Event of Default under the Indenture has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the City and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the City or the bondowners. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner therein provided, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner therein provided, any bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of this paragraph shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of the Indenture.

Acceptance of Appointment by Successor. Every successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to the City and to the retiring Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee and the duties and obligations of the retiring Trustee shall cease and terminate; but, on

request of the City or the successor Trustee, such retiring Trustee shall, upon payment of its charges, fees, costs and expenses, including its agents and counsel, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts therein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee under the Indenture, subject nevertheless to its lien, if any, provided for in the Indenture. Upon request of any such successor Trustee, the City shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under the Indenture.

Merger, Consolidation and Succession to Business. Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee under the Indenture, provided such corporation or association shall be otherwise qualified and eligible under the Indenture, and shall be vested with all of the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act on the part of any of the parties to the Indenture. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Supplemental Indentures Without Consent of Bondowners. Without the consent of the owners of any Bonds, the Issuer and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

- (a) to correct or amplify the description of any property at any time subject to the lien of the Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property;
- (b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, as therein set forth, additional conditions, limitations and restrictions thereafter to be observed;
- (c) to evidence the appointment of a separate trustee or the succession of a new trustee under the Indenture;
- (d) to add to the covenants of the Issuer or to the rights, powers and remedies of the Trustee for the benefit of the owners of all Bonds or to surrender any right or power therein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision therein or to make any other change, with respect to matters or questions arising under the Indenture, which shall not be inconsistent with the provisions of the Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds (in making such determination the Trustee may rely conclusively upon an Opinion of Counsel); or

(f) to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

Supplemental Indentures With Consent of Bondowners. With the consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the Issuer and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the owners of the Bonds under the Indenture; provided, however, that no such Supplemental Indenture 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, any Bond, 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, any Bond, 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);

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

(c) modify the obligation of the Issuer to make payment on or provide funds for the payment of any Bond;

(d) modify or alter the provisions of the exceptions to the definition of the term “Outstanding”;

(e) modify any of the provisions of the Indenture, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or

(f) permit the creation of any lien ranking prior to or on parity with the lien of the Indenture with respect to any of the Trust Estate or terminate the lien of the Indenture on any property at any time subject thereto or deprive the owner of any Bond of the security afforded by the lien of the Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered under the Indenture. The Trustee shall not be liable for any such determination made in good faith. In making such determination, the Trustee shall be entitled to receive and may rely conclusively upon an Opinion of Counsel.

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

Satisfaction and Discharge of Indenture. The Indenture and the lien, rights and interests created by the Indenture shall cease, terminate and become null and void (except as to any surviving rights pursuant to the Indenture) if the following conditions are met:

- (a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of the Indenture;
- (b) all other sums payable under the Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment;
- (c) the Trustee receives an Opinion of Co-Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that so providing for the payment of any Series 2017B Bonds will not cause the interest on such Series 2017B Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture; and
- (d) the Trustee receives an Opinion of Counsel to the effect that all conditions precedent in this paragraph to the satisfaction and discharge of the Indenture have been complied with.

Thereupon, the Trustee shall execute and deliver to the Issuer a termination statement and such instruments of satisfaction and discharge of the Indenture as may be necessary at the written request of the Issuer, and shall pay, assign, transfer and deliver to the Issuer, or other Persons entitled thereto, all moneys, securities and other property then held by it under the Indenture as a part of the Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee as therein provided for the payment of the principal of, premium, if any, and interest on the Bonds.

Rights Retained After Discharge. Notwithstanding the satisfaction and discharge of the Indenture, the rights of the Trustee under the Indenture shall survive, and the Trustee shall retain such rights, powers and duties under the Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided therein. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any Bond remaining unclaimed for four years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided therein, shall then be paid to the City without liability for interest thereon, and the owners of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the City for payment thereof and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease.

Acts of Bondowners. Any notice, request, demand, authorization, direction, consent, waiver or other action provided by the Indenture to be given or taken by bondowners may be embodied in and evidenced by one or more substantially concurrent instruments of similar tenor signed by such bondowners in person or by an agent duly appointed in writing. Except as therein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the City. Proof of execution of any such instrument or of a writing appointing any such agent, or of the ownership of Bonds other than the assignment of the ownership of a Bond, shall be sufficient for any purpose of the Indenture and conclusive in favor of the City and the Trustee, if made in the following manner:

- (a) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer authorized by law to take

acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof, or by the affidavit of a witness of such execution. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of such person's authority.

(b) The fact and date of execution of any such instrument or writing and the authority of any Person executing the same may also be proved in any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this paragraph.

(c) The ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same, shall be proved by the bond register maintained by the Trustee.

In determining whether the owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Bonds registered on the bond register in the name of the City shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the City has identified in writing to the Trustee as being owned by the City or an affiliate thereof shall be so disregarded.

Any notice, request, demand, authorization, direction, consent, waiver or other action by the owner of any Bond shall bind every future owner of the same Bond and the owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the City in reliance thereon, whether or not notation of such action is made upon such Bond.

SERIES 2017C TRUST INDENTURE

The following is a summary of certain provisions of the Trust Indenture, dated as of March 1, 2017 (referred to within this section summarizing such Indenture, as the "Indenture"), pursuant to which the Series 2017C Bonds (referred to collectively within this section as the "Series 2017C Bonds" or the "Bonds") will be issued. The summary does not purport to be complete or comprehensive, and this summary is qualified in its entirety by reference to the Indenture, copies of which are available from the Issuer.

Definitions of Words and Terms. For all purposes of the Indenture, except as otherwise provided or unless the context otherwise requires, the following words and terms used in the Indenture shall have the following meanings:

"Additional Bonds" means any Additional Bonds, including refunding bonds, issued by the City pursuant to the Indenture.

"Appropriated Moneys" means moneys of the City which have been annually appropriated by the City or which are deposited to the Revenue Fund created under the Indenture and available to pay the principal of and interest due on the Bonds and other payments described in the Indenture.

"Authority" means The Industrial Development Authority of the City of Kansas City, Missouri.

"Bond Issuance Date," for the Series 2017C Bonds means March 23, 2017.

“*Bondowner*,” “*Owner*,” “*Bondholder*” or “*Holder*” means, as of any time, the registered owner of any Series 2017C Bond and any Additional Bonds issued under the Indenture as shown in the register kept by the Trustee as bond registrar.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement between the City and the Original Purchaser of the Series 2017C Bonds.

“*Bonds*” has the meaning set forth under the definition of the Series 2017C Bonds and any Additional Bonds issued pursuant to the Indenture.

“*Business Day*” means a day, other than a Saturday or Sunday, on which the Trustee and any Paying Agent shall be scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

“*Cede & Co.*” means Cede & Co., as nominee of The Depository Trust Company, New York, New York.

“*City*” or “*Issuer*” means the City of Kansas City, Missouri.

“*City Revenue Account*” means the account by that name in the Revenue Fund created pursuant to the Indenture.

“*City Revenues*” means all moneys appropriated by the City other than TIF Revenues and Super TIF Revenues and deposited in the City Revenue Account of the Revenue Fund to be used to make Debt Service Payments.

“*Continuing Disclosure Undertaking*” means the Continuing Disclosure Undertaking dated as of March 1, 2017, of the Issuer, as from time to time amended in accordance with the provisions thereof.

“*Cooperative Agreements*” means (i) the Cooperative Agreement dated as of March 1, 2005 by and between the City and the TIF Commission, (ii) the Cooperative Agreement dated as of March 1, 2005, by and between the City and DESA, as supplemented by the First Supplement to Cooperative Agreement dated as of March 1, 2017, and (iii) the Intergovernmental Agreement dated as of August 26, 2008, by and between the City and the TDD.

“*Costs of Issuance*” means issuance costs with respect to the Series 2017C Bonds described in Section 147(g) of the Internal Revenue Code, including but not limited to the following:

- (a) underwriters’ spread (whether realized directly or derived through purchase of Bonds at a discount below the price at which they are expected to be sold to the public);
- (b) counsel fees (including bond counsel, underwriter’s counsel, disclosure counsel, City’s counsel, as well as any other specialized counsel fees incurred in connection with the borrowing);
- (c) financial advisor fees of any financial advisor to the City incurred in connection with the issuance of the Series 2017C Bonds;
- (d) rating agency fees;
- (e) trustee, escrow agent and paying agent fees;
- (f) accountant fees and other expenses related to issuance of the Series 2017C Bonds;
- (g) printing costs (for the Series 2017C Bonds and of the preliminary and final Official Statement relating to the Series 2017C Bonds); and

(h) other fees and expenses of the City incurred in connection with the issuance of the Series 2017C Bonds.

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

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

“*Debt Service Payments*” means any payment of principal, redemption premium, if any, and interest on the Bonds.

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

“*Defeasance Obligations*” means:

- (a) Government Obligations which are not subject to redemption prior to maturity; or
- (b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations); or
- (c) Pre-refunded municipal obligations meeting the requirements of paragraph (g) of the definition of Permitted Investments; or
- (d) Obligations issued by the following agencies which are backed by the full faith and credit of the United States: (i) U.S. Export-Import Bank (Eximbank), Direct obligations or fully guaranteed certificates of beneficial ownership; (ii) Farmers Home Administration (FmHA), Certificates of beneficial ownership; (iii) Federal Financing Bank; (iv) General Services Administration, Participation certificates; (iv) U.S. Maritime Administration, Guaranteed Title XI financing; (v) U.S. Department of Housing and Urban Development (HUD), Project Notes, Local Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

“*Defeasance of Series 2005A Bonds*” means the defeasance of the Authority’s Series 2005A Bond effectuated through the issuance of the Series 2017C Bonds in accordance with the procedures set forth in the Refunded Bond Indenture.

“*DESA*” means the Downtown Economic Stimulus Authority of Kansas City, Missouri, established by the City pursuant to the DESA Act.

“*DESA Act*” means the Missouri Downtown and Rural Economic Stimulus Act, Sections 99.915 to 99.1060, Revised Statutes of Missouri, as amended.

“*DESA Plan*” means the South Loop Downtown Economic Stimulus Plan approved by the City Council of the City on July 1, 2004, by Committee Substitute for Ordinance No. 040722.

“*DESA Plan Costs*” means those Costs that are reimbursable from DESA Revenues pursuant to the DESA Act and the DESA Plan.

“*DESA Project Area*” means the area described as the Development Project Area from time to time in the DESA Plan.

“*DESA-Qualified Additional Bonds*” means any Additional Bonds issued to finance DESA Plan Costs.

“*DESA Representative*” means a Co-Chairman or the Vice Chairman of DESA, and such other person or persons at the time designated to act on behalf of DESA in matters relating to its Cooperative Agreement as evidenced by a written certificate furnished to the Issuer, the City, the Trustee, the Liquidity Facility and the Bond Insurer containing the specimen signature of such person or persons and signed on behalf of DESA by its Co-Chairman or Vice Chairman. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the DESA Representative.

“*DESA Revenue Account*” means the account by that name in the Revenue Fund created pursuant to the Indenture.

“*DESA Revenues*” means the State Sales Tax Increment or State Income Tax Increment (each as defined in the DESA Act) or the combination of the amount of each such increment, attributable to the Kansas City Downtown Redevelopment District Project, to the extent disburseable by the Department pursuant to the State Certificate, and pledged to the payment of principal of and interest on the Series 2005A Bonds and any DESA-Qualified Additional Bonds by DESA under its Cooperative Agreement and assigned to the Trustee pursuant to the Indenture.

“*DESA Special Allocation Fund*” means the fund established by the City pursuant to Section 99.957 RSMo.

“*Economic Activity Taxes*” mean fifty percent (50%) of the total additional revenue from taxes which are imposed by other taxing districts (as that term is defined in the TIF Act) and which taxes are generated by economic activities within the TIF Project Area over the amount of such taxes generated by economic activities within such TIF Project Area in the calendar year preceding the adoption of tax increment financing for the TIF Project Area, but excluding therefrom (i) personal property taxes, (ii) any taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, (iii) taxes levied pursuant to Section 70.500 R.S.Mo., (iv) taxes levied for public transportation pursuant to Section 94.660 R.S.Mo. and (v) licenses, fees or special assessments, other than payments in lieu of taxes, and penalties and interest thereon.

“*Electronic Notice*” means notice given by facsimile transmission or by telephone (promptly confirmed in writing).

“*Escrow Agent*” means UMB Bank, N.A., as Escrow Agent under the Escrow Trust Agreement.

“*Escrow Fund*” means the fund by that name created in the Escrow Trust Agreement.

“*Escrow Trust Agreement*” means the Escrow Trust Agreement dated as of March 1, 2017, by and between the City and the Escrow Agent relating to the Refunded Series 2005A Bonds.

“*Event of Default*” means any event of default as defined in the Indenture.

“*Event of Nonappropriation*” means failure of the City to budget and appropriate on or before the last day of any Fiscal Year moneys sufficient to pay the debt service payments and additional amounts due under the Indenture and payable during the next Fiscal Year.

“*Financing Documents*” means the Indenture, the Bonds, the Cooperative Agreements, the Purchase Contract, the Development Agreement, the Tax Compliance Agreement, any agreement relating to any bond insurance policy with respect to any Bonds, any agreement relating to any debt service reserve

fund insurance policy or debt service reserve fund surety bond with respect to any Bonds, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Financing Documents” are used in the context of the authorization, execution, delivery, approval or performance of Financing Documents by a particular party, the same shall mean only those Financing Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

“*Fund*” means any of the Revenue Fund, including for each Series of Bonds a TIF Revenues Account and a City Revenue Account (and for the Series 2017C Bonds, a DESA Revenue Account and for the Series 2006B Portion of Debt Service, a TDD Revenues Account); the Project Fund containing separate accounts for each applicable Series of Bonds; the Costs of Issuance Fund containing separate accounts for each Series of Bonds; the Bond Fund, including for each Series of Bonds a Bond Account and a Redemption Account; the Capitalized Interest Fund, containing separate accounts for each applicable Series of Bonds and the Rebate Fund.

“*Fiscal Year*” means the City’s fiscal year, which is currently May 1 to April 30, or as it may be hereinafter defined by the City.

“*Government Obligations*” means 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.

“*Indenture*” means the Trust Indenture, dated as of March 1, 2017, between the City and the Trustee, which authorizes the issuance of the City’s Series 2017C Bonds, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of the Indenture.

“*Internal Revenue Code*” means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) under the Indenture and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

“*Issuer*” means the City of Kansas City, Missouri, a constitutional charter city and political subdivision of the State of Missouri and its successors and assigns.

“*Issuer Representative*” means the City Manager, the Director of Finance, the City Treasurer or any such other person at the time designated to act on behalf of the City as evidenced by a written certificate furnished by the City to the Trustee containing the specimen signature of such person and signed on behalf of the City by the Director of Finance. References to each Issuer Representative shall include any person designated as serving in an acting capacity. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Issuer Representative.

“*Moody’s*” means Moody’s Investors Service, Inc., and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City, by notice to the Trustee.

“*Officer’s Certificate*” means a written certificate in the form described in the Indenture of the City signed by the Issuer Representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, the City with respect to matters set forth therein.

“*Opinion of Co-Bond Counsel*” means a written opinion in the form described in the Indenture of any legal counsel acceptable to the City and the Trustee who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

“*Opinion of Counsel*” means a written opinion in the form described in the Indenture of any legal counsel acceptable to the Trustee, who may be an employee of or counsel to the Trustee or the City.

“*Outstanding*” means when used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Indenture, except:

- (a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in the Indenture;
- (b) Bonds for whose payment or redemption money or Government Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the owners of such Bonds as provided in the Indenture, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture; and
- (d) Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in the Indenture.

“*Participants*” means those financial institutions for which the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“*Paying Agent*” means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to the Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

“*Payment Date*” means any date on which the principal of or interest on any Bonds is payable.

“*Payments in Lieu of Taxes*” or “*PILOTS*” means the revenues from real property taxes in the TIF Project Area, which revenues are to be used to reimburse Reimbursable Project Costs as defined in the TIF Plan, which taxing districts would have received had the City not adopted tax increment allocation financing within such area, and during the time the current equalized value of real property in the area selected for the redevelopment project exceeds the total initial equalized value of real property in such area until the designation is terminated pursuant to the TIF Plan.

“*Permitted Investments*” means any of the following securities, if and to the extent the same are at the time legal for investment of the moneys held in the funds and accounts listed in the Indenture:

1. United States Treasury Securities (Bills, Notes, Bonds and Strips).
2. United States Agency/GSE Securities. The City may invest in obligations issued or guaranteed by any agency of the United States Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable market value that are described as follows:

- (a) U.S. Government Agency Coupon and Zero Coupon Securities.
- (b) U.S. Government Agency Discount Notes.
- (c) U.S. Government Agency Callable Securities. Restricted to securities callable at par only.
- (d) U.S. Government Agency Step-Up Securities. The coupon rate is fixed for an initial term. At the step-up date, the coupon rate rises to a new, higher fixed interest rate.
- (e) U.S. Government Agency Floating Rate Securities. Restricted to coupons with no interim caps that reset at least quarterly and that float off of only one index.
- (f) U.S. Government Agency/GSE Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than five (5) years when analyzed in a +300 basis point interest rate environment.

3. Repurchase Agreements. The City may invest in contractual agreements between the City and commercial banks or primary government securities dealers. The Securities Industry & Financial Markets Association's (or any successor's) guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions as more fully described in the City's investment policy. All repurchase agreement transactions will be either physical delivery or tri-party.

4. Bankers' Acceptances. The City may invest in bankers' acceptances issued by domestic commercial banks possessing the highest credit rating issued by Moody's or Standard & Poor's.

5. Commercial Paper. The City may invest in commercial paper issued by domestic corporations, which has received the highest short-term credit rating issued by Moody's or Standard & Poor's. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars (\$500,000,000) and are not listed on Credit Watch with negative implications by any nationally recognized credit rating agency at the time of purchase.

6. Municipal Securities (State and Local Government Obligations). The City may invest in municipal obligations that are issued in either tax-exempt or taxable form.

- (a) Any full faith and credit obligations of the State of Missouri rated at least A or A2 by Standard & Poor's or Moody's.

- (b) Any full faith and credit obligations of any city, county or school district in the State of Missouri rated at least AA or Aa2 by Standard & Poor's or Moody's.

- (c) Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least A or A2 by Standard & Poor's or Moody's.

- (d) Any full faith and credit obligation of any state or territory of the United States of America rated at least AA or Aa2 by Standard & Poor's or Moody's.

- (e) Any full faith and credit obligations of any city, county or school district in any state or territory of the United States of America rated AAA or Aaa by Standard & Poor's or Moody's.

- (f) Any revenue bonds issued by the Missouri Department of Transportation rated at least AA or Aa2 by Standard & Poor's or Moody's.

- (g) Any municipal obligation that is pre-refunded or escrowed to maturity as to both principal and interest with escrow securities that are fully guaranteed by the United States Government, without regard to rating by Standard & Poor's or Moody's.

7. Money Market Mutual Funds. Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, rated in either of the two highest categories by Moody's and Standard & Poor's (in either case without regard to any modifier).

8. Other. Such other investments not described above that are allowed pursuant to Missouri law and approved in the Charter.

References to particular ratings and rating categories in this definition are applicable only at the time of purchase of the Permitted Investments.

“*Person*” means any natural person, firm, association, corporation, partnership, limited liability company, joint stock company, a joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

“*Rating Agency*” means Moody’s or Standard & Poor’s or any other nationally recognized securities rating service.

“*Rebate Fund*” means the fund by that name created for the Bonds by the Indenture.

“*Record Date*” means the 15th day (whether or not a Business Day) of the calendar month next preceding the month in which an interest payment on any Bond is to be made.

“*Redeveloper*” means Kansas City Live, LLC, a Maryland limited liability company, together with its successors and assigns under the Development Agreement.

“*Redeveloper Representative*” means the authorized representative of the Redeveloper designated to act for the Redeveloper by written certificate furnished to the Trustee, containing the specimen signature of such person and signed on behalf of the Redeveloper by an authorized officer thereof.

“*Redevelopment Plans*” means collectively the TIF Plan and the DESA Plan.

“*Refunded Bonds*” means the currently Outstanding The Industrial Development Authority of the City of Kansas City, Missouri, Tax-Exempt Bonds (Kansas City Downtown Redevelopment District) Series 2005A in the principal amount of \$96,040,000 being advance refunded as set out in the Escrow Trust Agreement.

“*Refunded Bond Indenture*” means collectively the Amended and Restated Indenture, the Series Supplement, the Second Series Supplemental Indenture and the Third Supplemental Indenture (as such terms are defined in the recitals to the Indenture), each by and between the Authority and UMB Bank, N.A., as Trustee.

“*Replacement Bonds*” means Bonds issued to the beneficial owners of the Series 2017C Bonds in accordance with the Indenture.

“*Revenues*” means all TIF Revenues, Super TIF Revenues, DESA Revenues, TDD Revenues, City Revenues and any other amounts credited to the Revenue Fund established in the Indenture.

“*Securities Depository*” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“*Series 2005A Bonds*” means Authority’s Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A Bonds issued in the original aggregate principal amount of \$115,015,000, which after the Fixed Rate Conversion Date were designated Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A, and reissued in the aggregate principal amount of \$114,915,000.

“*Series 2006B Portion of Debt Service*” means, as of the date of the Indenture, the portion of debt service of the Authority’s Series 2011A Bonds attributable to the refunding of the Series 2006B Bonds, and the portion of debt service of any bonds hereafter issued by the City to refund such portion of the Authority’s Series 2011A Bonds.

“*Series 2011A Bonds*” means the Authority’s Tax-Exempt Refunding Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2011A.

“*Series 2017C Bonds*” means the series of Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), Series 2017C, aggregating the principal amount of \$89,410,000.

“*Series 2017C Costs of Issuance Account*” means the account by that name in the Costs of Issuance Fund established in the Indenture.

“*Series 2017C Bond Fund*” means the fund by that name created by the Indenture.

“*Standard & Poor’s*” means Standard & Poor’s Ratings Services, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, Standard & Poor’s shall be deemed to refer to any other nationally recognized securities rating service designated by the City, with notice to the Trustee.

“*State*” means the State of Missouri.

“*State Certificate*” means the Certificate dated as of December 31, 2004, issued by the Department pursuant to Section 99.960, RSMo, approving and authorizing the disbursement of funds in the State Supplemental Downtown Development Fund for deposit into the DESA Special Allocation Fund.

“*State Supplemental Downtown Development Fund*” means the fund by that name to be administered by the Missouri Department of Economic Development pursuant to Section 99.963 RSMo.

“*Super TIF Revenues*” means an amount equal to the 50% of the City’s sales tax revenue and earnings tax revenue attributable to economic activity or earned in the TIF Project Area and which does not constitute economic activity taxes under the TIF Act, which may be appropriated on an annual basis by the City, to be made available for payment of debt service on the Series 2017C Bonds.

“*Supplemental Indenture*” means any indenture supplemental or amendatory to the Indenture entered into by the City and the Trustee pursuant to the Indenture.

“*Tax Compliance Agreement*” means the Tax Compliance Agreement between the City and the Trustee relating to the Series 2017C Bonds.

“*TDD-Qualified Additional Bonds*” means any Additional Bonds issued to finance eligible project under the Missouri Transportation Development District Act.

“*TDD Revenues*” means any sales tax revenues generated within the TDD established to finance a portion of the Series 2006B Project.

“*TDD Revenues Account*” means the account by that name created by the Indenture.

“*TIF Act*” means the Real Property Tax Increment Financing Allocation Act, Sections 99.800 to 99.865, inclusive, of the Revised Statutes of Missouri, as amended.

“*TIF Commission*” means the Tax Increment Financing Commission of Kansas City, Missouri.

“*TIF Plan*” means the 1200 Main/South Loop Tax Increment Redevelopment Plan approved by the City Council of the City on March 4, 2004, by Ordinance No. 040154.

“*TIF Plan Costs*” means those Costs that are reimbursable from TIF Revenues pursuant to the TIF Act and the TIF Plan.

“*TIF Project Area*” means the area described as the Redevelopment Project Area 1 in the TIF Plan.

“*TIF Representative*” means the Chairman, President or the Vice President of the TIF Commission, and such other person or persons at the time designated to act on behalf of the TIF Commission in matters relating to its Cooperative Agreement as evidenced by a written certificate furnished to the Issuer, the City and the Trustee containing the specimen signature of such person or persons and signed on behalf of the TIF Commission by its Chairman or Vice Chairman. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the TIF Representative.

“*TIF Revenue Account*” means the account by that name created in the Revenue Fund pursuant to the Indenture.

“*TIF Revenues*” means the Payments in Lieu of Taxes and the appropriated Economic Activity Taxes, and all proceeds thereof.

“*TIF Special Allocation Fund*” means the fund established by the City pursuant to Section 99.845, RSMo.

“*Transportation Development District*” or “*TDD*” means the 1200 Main/South Loop Transportation Development District, created by order of the Circuit Court of Jackson County, Missouri on December 12, 2006.

“*Transaction Documents*” means the Indenture, the Series 2017C Bonds, the Escrow Trust Agreement, the Official Statement relating to the Series 2017C Bonds, the Continuing Disclosure Undertaking, the Bond Purchase Agreement, the Tax Compliance Agreement and any and all other documents or instruments that evidence or are a part of the transactions referred to in the Indenture, or the Official Statement, or contemplated by the Indenture or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Transaction Documents” are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

Granting Clauses. Pursuant to the Indenture, the City transfers in trust, pledges and assigns to the Trustee, and grants a security interest to the Trustee in, the property described in paragraphs (a), (b) and (c) below (said property referred to therein as the “Trust Estate”):

- (a) All Appropriated Moneys;
- (b) All moneys and securities (except moneys and securities held in the Rebate Fund) from time to time held by the Trustee under the terms of the Indenture; and
- (c) Any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture by the City or by anyone in its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

Method and Place of Payment. The principal of, redemption premium, if any, and interest on the Series 2017C Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

The principal of and the redemption premium, if any, on all Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond register maintained by the Trustee at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the principal corporate trust office of the Trustee or of any Paying Agent named in the Series 2017C Bonds.

The interest payable on each Bond on any Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond register at the close of business on the Record Date for such interest, (a) by check or draft mailed to such registered owner at such owner's address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such owner, or (b) at the written request addressed to the Trustee by any owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to such owner upon written notice to the Trustee from such owner containing the electronic transfer instructions (which shall be in the continental United States) to which such owner wishes to have such transfer directed and such written notice is given by such owner to the Trustee not less than 15 days prior to the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Interest on any Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the owner of such Bond on the relevant Record Date and shall be payable to the owner in whose name such Bond is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The City shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the owners of the Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds, the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each owner of a Bond entitled to such notice at the address of such owner as it appears on the bond register not less than 10 days prior to such Special Record Date.

Subject to the foregoing provisions of this paragraph, each Bond delivered under the Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Additional Bonds. Additional Bonds may be issued under and equally and ratably secured by the Indenture on a parity with any or all series of Bonds, provided however, that DESA Revenues are to be used only for repayment of DESA-Qualified Additional Bonds and TDD Revenues are to be used only for repayment of TDD-Qualified Additional Bonds. Except as otherwise provided in this paragraph, such Additional Bonds may be issued only at the written direction of the City at any time and from time to time, upon compliance with the conditions set forth in this paragraph for any purpose authorized under the Act.

So long as no event has occurred and is continuing which, with the passage of time or otherwise, would become an Event of Default under the Indenture (unless such Additional Bonds are Refunding Bonds or are being issued to cure such event), Additional Bonds may be issued under and equally and ratably secured by the Indenture on a parity with the Series 2017C Bonds and any other outstanding Additional Bonds, at any time and from time to time upon compliance with the conditions provided in this paragraph, for the purpose of (i) paying the Costs of completing the Project, such cost to be evidenced by a certificate signed by an Issuer Representative, or (ii) refunding all or any portion of the Authority's Tax-Exempt Refunding Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2011A. Additional Bonds may also be issued for the purpose of providing funds for refunding all or any part of the Bonds issued to finance a portion of the Kansas City Downtown Redevelopment District project, including the payment of any redemption premium thereon and interest to accrue to the designated Redemption Date and any expenses in connection with such refunding.

1. Before any Additional Bonds shall be issued, the City shall adopt an ordinance authorizing the issuance of such Additional Bonds, fixing the amount and terms thereof and describing the purpose or purposes for which such Additional Bonds are being issued, authorizing the City to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds, and, if necessary, authorizing the City to enter a Cooperative Agreement or other security instruments, to provide for the use of the proceeds of such Additional Bonds and payments at least sufficient to pay the principal of, and redemption premium, if any, and interest on, the Bonds then to be Outstanding as the same become due and such other matters as are appropriate because of the issuance of such Additional Bonds.

2. Such Additional Bonds shall have the same designation as the Series 2017C Bonds, except for an identifying Series letter or date and except, if appropriate, for the substitution of the word "Refunding" in lieu of "Improvement" in the case of Refunding Bonds, shall be numbered, shall bear interest at such rate or rates not exceeding the maximum rate then permitted by law, shall be stated to mature and shall be redeemable at such times and prices (subject to the Indenture), all as may be provided by the Supplemental Indenture authorizing such Additional Bonds. Except as to any difference in the Dated Date, the Stated Maturities, the rate or rates of interest or the provisions for redemption, such Additional Bonds shall be entitled to the same benefit and security of the Indenture as the Series 2017C Bonds. No Refunding Bonds shall be issued to refund all or a portion of Bonds Outstanding, unless such Outstanding Bonds shall be deemed defeased under the Indenture upon completion of such refunding and the total debt service due shall be no greater than such total debt service that would have been due without the refunding of such Outstanding Bonds.

To be designated as DESA-Qualified Additional Bonds, the proceeds of Additional Bonds authorized pursuant to this paragraph must be used to finance DESA Plan Costs and to be designated as TDD-Qualified Additional Bonds, the proceeds of Additional Bonds must be used to finance eligible project under the Missouri Transportation District Development Act.

Nothing in the Indenture shall prohibit the City from issuing bonds for any permissible purpose under separate indentures of trust.

Creation of Funds and Accounts. There are hereby created and ordered to be established in the custody of the Trustee the following special trust funds in the name of the City to be designated as follows:

- (a) Costs of Issuance Fund, including a Series 2017C Costs of Issuance Account,
- (b) Series 2017C Bond Fund,
- (c) Refunding Fund, including a Series 2017C Refunding Account;

- (d) Revenue Fund and within such fund separate and segregated trust accounts designed as the “TIF Revenues Account,” “City Revenue Account,” the “DESA Revenue Account,” the “TDD Revenues Account,; and
- (e) Rebate Fund, including a Series 2017C Rebate Account.

In addition the Escrow Fund shall be established with the Escrow Agent pursuant to the Escrow Trust Agreement.

Additional accounts may be established under Section 401(a) to (d) for any additional series of Bonds issued by Supplemental Indenture. The Trustee is authorized to establish separate accounts within such funds or otherwise segregate moneys within such funds, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient, or as the Trustee shall be instructed by the City or

Costs of Issuance Fund. The moneys on deposit in the Series 2017C Costs of Issuance Fund shall be disbursed by the Trustee from time to time, upon receipt of written disbursement requests of the City in substantially the form attached to the Indenture and signed by the Issuer Representative, in amounts equal to the amount of Costs of Issuance certified in such written requests. At such time as the Trustee is furnished with an Officer’s Certificate from the City stating that all Costs of Issuance have been paid, and in any case not later than six months from the date of original issuance of the Series 2017C Bonds, unless waived by the City, the Trustee shall transfer any moneys remaining in the Costs of Issuance Fund to the Bond Fund. The execution of any disbursement request by an Issuer Representative shall constitute an irrevocable determination that all conditions precedent to the payments requested have been completed.

Bond Fund

(a) Moneys on deposit in the respective Bond Account of the Bond Fund shall be used (i) to pay when due interest on the applicable series of Bonds, (ii) to pay when due the principal of and premium, if any, on the applicable series of Bonds. The following shall be deposited in the respective Bond Account of the Bond Fund and (iii) to pay when due the principal of and interest on the applicable series of Bonds:

(i) Revenues transferred from the Revenue Fund pursuant to the Indenture shall be deposited into the respective Bond Account of the Bond Fund in the amounts required to pay the principal of and premium, if any, and interest next coming due on the respective Series of Bonds and the Regularly Scheduled Payments on the applicable Related Bonds.

(ii) Sums for the redemption of any Bonds as described in the Indenture shall be deposited into the respective Bond Account of the Bond Fund and shall be applied to make such redemptions.

(iii) Interest and other income derived from the investment of funds on deposit in the respective Bond Account of the Bond Fund.

(iv) All other moneys received by the Trustee pursuant to which the Trustee is directed to deposit the same in the respective Bond Account.

(b) Moneys deposited to the Redemption Account for any Series of Bonds shall be accumulated therein until such amounts exceed \$50,000 at which time the Trustee shall redeem Bonds of the applicable Series pursuant to the Indenture.

Rebate Fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement and pursuant to the Indenture. All amounts

on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America or any expenses incurred in connection with the calculation of rebate, and neither the City nor the owner of any Bonds shall have any rights in or claim to such money, except as provided in the Indenture. All amounts held in the Rebate Fund shall be governed by this paragraph and by the Tax Compliance Agreement (which is incorporated therein by reference).

Pursuant to the Tax Compliance Agreement, the Trustee shall remit all required rebate installments and a final rebate payment to the United States in accordance with the written direction of the Issuer. The Trustee shall not have any obligation to pay any amounts required to be rebated pursuant to this paragraph and the Tax Compliance Agreement, other than from moneys held in the Rebate Fund created under the Indenture as provided in the Indenture or from other moneys provided to it by the City. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Tax-Exempt Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and paid to the City.

The obligation to pay arbitrage rebate to the United States and to comply with all other requirements of this paragraph and the Tax Compliance Agreement shall survive the defeasance or payment in full of the Tax-Exempt Bonds until all rebatable arbitrage shall have been paid.

Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the City to the owner thereof for the payment of such Bond, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust in a separate trust account, without liability for interest thereon, for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on such person's part under the Indenture or on or with respect to said Bond. If any Bond shall not be presented for payment within four years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the City the funds theretofore held by it for payment of such Bond without liability for interest thereon, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Records and Reports of Trustee. The Trustee agrees to maintain such records with respect to any and all moneys or investments held by the Trustee pursuant to the provisions of the Indenture as are requested by the City. The Trustee shall furnish to the City, monthly on the tenth Business Day after the end of each calendar month, a report on the status of each of the funds and accounts established under the Indenture which are held by the Trustee, showing the balance in each such fund or account as of the first day of the preceding month, the total of deposits to and the total of disbursements from each such fund or account, the dates of such deposits and disbursements, and the balance in each such fund or account on the last day of the preceding month. The Trustee shall render an annual accounting for each Fiscal Year to the City and any bondowner at the expense of such bondowner requesting the same, showing in reasonable detail all financial transactions relating to the Trust Estate during the accounting period, including investment earnings and the balance in any funds or accounts created by the Indenture as of the beginning and close of such accounting period.

Investment of Moneys. Moneys held in each of the funds and accounts under the Indenture shall, pursuant to written directions of the Issuer Representative, be invested and reinvested by the Trustee in accordance with the provisions of the Indenture and the Tax Compliance Agreement, in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. If the City fails to provide written directions concerning investment of moneys held in the funds and accounts, the Trustee shall invest in such Permitted Investments specified in paragraph (7) of the definition of Permitted Investments, provided they mature or are subject to redemption prior to the date such funds will be needed. The Trustee may conclusively rely upon the written direction of the Issuer Representative as to the suitability and legality of any directed investment. The Trustee is specifically authorized to implement its automated cash investment system to invest cash and to charge its normal cash management fees, which may be deducted from earned income on investments. The Trustee may make any investments permitted by the provisions of this paragraph through its own bond department or short-term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes except moneys held in any fund or account that are required to be yield restricted in accordance with the Tax Compliance Agreement, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments (other than any amounts required to be deposited in the Series 2017C Rebate Fund pursuant to the Indenture) shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account. Investment earnings on amounts deposited under the Indenture allocable to a series of Bonds shall be transferred to the Bond Fund for such series of Bonds and used to pay debt service on such Bonds on the next Payment Date. After the Trustee has notice, pursuant to the Indenture, of the existence of an Event of Default, the Trustee shall direct the investment of moneys in the funds and accounts held under the Indenture. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments.

Limited Obligations. The Bonds and the interest thereon shall be special, limited obligations of the City payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof and under certain circumstances from insurance proceeds and condemnation awards) solely out of Appropriated Moneys and moneys in the Funds and Accounts held by the Trustee under the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the City within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the City, but shall be payable solely from the funds provided for in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City to levy any form of taxation therefor or to make any appropriation for their payment.

Inspection of Books. The City covenants and agrees that all books and documents in its possession relating to the Bonds and the Indenture, and the transactions relating thereto shall at all reasonable times be open to inspection by the Trustee and such accountants or other agencies as the Trustee may from time to time designate and the Trustee and its agents may take such memoranda from and in regard thereto as may be desired. The Trustee covenants and agrees that all books and documents in its possession relating to the Bonds and the Indenture, and the transactions relating thereto, including financial statements of the City, shall be open to inspection by the City during business hours upon reasonable notice.

Annual Appropriations. The City intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to the Indenture, moneys sufficient to pay all the principal of and interest on the Bonds coming due in 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 principal of and interest on the Bonds to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the principal of and interest on the Bonds to become due during such Fiscal Year, the failure of the City to deliver the foregoing notice on or before the fifteenth 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 principal of and interest on the Bonds to become due during such succeeding Fiscal Year, the failure of the City to deliver the foregoing notice on or before the fifteenth 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 Bonds are Outstanding, an appropriation for all payments of principal of and interest on the Bonds required for the ensuing Fiscal Year; it being the intention of the City that the decision to appropriate or not to appropriate under the Indenture 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 payments on the Bonds, to pay the debt service on the Bonds under the Indenture. The City reasonably believes that legally available funds in an amount sufficient to make all payments of principal of and interest on the Bonds due 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 payments of principal of and interest on the Bonds may be made, including making provision for such debt service payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the City. 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.

Events of Default. The term "Event of Default," wherever used in the Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on any Bond when such interest becomes due and payable;

(b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or

(c) default in the performance, or breach, of any covenant or agreement of the City in the Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in this paragraph), and continuance of such default or breach for a period of 60 days after there has been given to the City by the Trustee or to the City and the Trustee by the owners of at least 10% in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an Event of Default if the City shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch.

Acceleration of Maturity; Rescission and Annulment. If an Event of Default occurs and is continuing, the Trustee may, and shall at the direction of the owners of not less than 25% in principal amount of the Bonds Outstanding, by written notice to the City, declare the principal of all Bonds Outstanding and the interest accrued thereon to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in the Indenture or the Bonds to the contrary notwithstanding.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in the Indenture, the Trustee or the owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the City and the Trustee, rescind and annul such declaration and its consequences if

- (a) the City has deposited with the Trustee a sum sufficient to pay
 - (i) all overdue installments of interest on all Bonds;
 - (ii) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in the Bonds;
 - (iii) interest upon overdue installments of interest at the rate prescribed therefor in the Bonds; and
 - (iv) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and
- (b) all events of default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in the Indenture.
- (c) No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Exercise of Remedies by the Trustee. Upon the occurrence and continuance of any Event of Default under the Indenture, unless the same is waived as provided in the Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under the Indenture or by law:

- (a) ***Right to Bring Suit, Etc.*** The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under the Indenture, to realize on or to foreclose any of its interests or liens under the Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the City as set forth in the Indenture and to enforce or preserve any other rights or interests of the Trustee under the Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.
- (b) ***Exercise of Remedies at Direction of Bondowners.*** If requested in writing to do so by the owners of not less than 25% in principal amount of Bonds Outstanding and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by the Indenture as the Trustee shall deem most expedient in the interests of the bondowners.

(c) ***Appointment of Receiver.*** Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondowners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) ***Suits to Protect the Trust Estate.*** The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture and to protect its interests and the interests of the bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under the Indenture or be prejudicial to the interests of the bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the bondowners in any judicial proceeding to which the City is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the bondowners.

(e) ***Enforcement Without Possession of Bonds.*** All rights of action under the Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of the Indenture, shall be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.

(f) ***Restoration of Positions.*** If the Trustee or any bondowner has instituted any proceeding to enforce any right or remedy under the Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such bondowner, then and in every case the City and the bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Indenture, and thereafter all rights and remedies of the Trustee and the bondowners shall continue as though no such proceeding had been instituted.

Limitation on Suits by Bondowners. No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Indenture, unless

(a) such owner has previously given written notice to the Trustee of a continuing Event of Default;

(b) the owners of not less than 25% in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Indenture;

(c) such owner or owners have offered to the Trustee indemnity as provided in the Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(c) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other owners or to enforce any right under the Indenture, except in the manner therein provided and for the equal and ratable benefit of all Outstanding Bonds.

Notwithstanding the foregoing or any other provision in the Indenture, however, the owner of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond on the respective stated maturities expressed in such Bond (or, in the case of redemption, on the redemption date) and nothing contained in the Indenture shall affect or impair the right of any owner to institute suit for the enforcement of any such payment.

Control of Proceedings by Bondowners. The owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an Event of Default, provided indemnity has been provided to the Trustee in accordance with the Indenture:

(a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Indenture, or otherwise; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture; provided that

(i) such direction shall not be in conflict with any rule of law or the Indenture;

(ii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

(iii) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction.

Application of Moneys Collected. Any moneys collected by the Trustee pursuant to the Indenture, together with any other sums then held by the Trustee as part of the Trust Estate (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys), shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) FIRST: To the payment of all undeducted amounts due the Trustee under the Indenture;

(b) SECOND: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds

shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and

(c) **THIRD:** To the payment of the remainder, if any, to the City or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this paragraph, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be a Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, in accordance with the Indenture, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Rights and Remedies Cumulative. No right or remedy therein conferred upon or reserved to the Trustee or to the bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy under the Indenture, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Delay or Omission Not Waiver. No delay or omission of the Trustee or of any owner of any Bond to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by the Indenture or by law to the Trustee or to the bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the bondowners, as the case may be.

Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in the Indenture, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Trustee and the City, on behalf of the owners of all the Bonds waive any past default under the Indenture and its consequences, except a default

- (a) in the payment of the principal of (or premium, if any) or interest on any Bond; or
- (b) in respect of a covenant or provision of the Indenture which under the Indenture cannot be modified or amended without the consent of the owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

Notice of Defaults. The Trustee shall not be required to take notice or be deemed to have notice of any default under the Indenture except failure by the City to cause to be made any of the payments to the Trustee required to be made by the Indenture, unless the Trustee shall be specifically notified in writing of such default by the City or the owners of at least 10% in principal amount of all Bonds Outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within 30 days after the Trustee has received notice of any Event of Default or the occurrence

of any Event of Default under the Indenture of which the Trustee is deemed to have notice, the Trustee shall give written notice of such Event of Default by mail to all owners of Bonds as shown on the bond register maintained by the Trustee, unless such Event of Default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bond, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the bondowners. For the purpose of this paragraph, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default as defined in the Indenture.

Resignation and Removal of Trustee.

(a) The Trustee may resign at any time by giving written notice thereof to the City and each Owner of Bonds Outstanding as shown by the list of bondowners required by the Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) If the Trustee has or shall acquire any conflicting interest (as determined by the Trustee), it shall, within 90 days after ascertaining that it has a conflicting interest, or within 30 days after receiving written notice from the City (so long as the City is not in default under the Indenture) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in subsection (a).

(c) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the City and the Trustee signed by the Owners of a majority in principal amount of the Outstanding Bonds, or, so long as the City is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default under the Indenture, by the City. The City or any bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee. The Trustee may be removed at any time, for any breach of its obligations under the Indenture.

(d) If at any time:

(i) the Trustee shall fail to comply with subsection (b) after written request therefor by the City or by any bondowner;

(ii) the Trustee shall cease to be eligible under the Indenture and shall fail to resign after written request therefor by the City or by any such bondowner; or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (A) the City may remove the Trustee, or (B) any bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) The Trustee shall give notice at the expense of the City of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice

of such event by first-class mail, postage prepaid, to the registered owners of Bonds as their names and addresses appear in the bond register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

(f) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the Indenture shall become effective until the acceptance of appointment by the successor Trustee under the Indenture.

Appointment of Successor Trustee. If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the City (so long as no Event of Default under the Indenture has occurred and is continuing), or the owners of a majority in principal amount of Bonds Outstanding (if an Event of Default under the Indenture has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the City and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the City or the bondowners. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner therein provided, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner therein provided, any bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of this paragraph shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of the Indenture.

Acceptance of Appointment by Successor. Every successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to the City and to the retiring Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee and the duties and obligations of the retiring Trustee shall cease and terminate; but, on request of the City or the successor Trustee, such retiring Trustee shall, upon payment of its charges, fees, costs and expenses, including its agents and counsel, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts therein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee under the Indenture, subject nevertheless to its lien, if any, provided for in the Indenture. Upon request of any such successor Trustee, the City shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under the Indenture.

Merger, Consolidation and Succession to Business. Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee under the Indenture, provided such corporation or association shall be otherwise qualified and eligible under the Indenture, and shall be vested with all of the title to the whole property or Trust Estate

and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act on the part of any of the parties to the Indenture. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Supplemental Indentures Without Consent of Bondowners. Without the consent of the owners of any Bonds, the City and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

- (a) to correct or amplify the description of any property at any time subject to the lien of the Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property;
- (b) to issue Additional Bonds pursuant to the Indenture.
- (c) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, as therein set forth, additional conditions, limitations and restrictions thereafter to be observed;
- (d) to evidence the appointment of a separate trustee or the succession of a new trustee under the Indenture;
- (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 Bonds or to surrender any right or power therein conferred upon the City;
- (f) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision therein or to make any other change, with respect to matters or questions arising under the Indenture, which shall not be inconsistent with the provisions of the Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds (in making such determination the Trustee may rely conclusively upon an Opinion of Counsel); or
- (g) to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

Supplemental Indentures With Consent of Bondowners. With the consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the City and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the owners of the Bonds under the Indenture; provided, however, that no such Supplemental Indenture 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, any Bond, 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, any Bond, 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);

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

(c) modify the obligation of the City to make payment on or provide funds for the payment of any Bond;

(d) modify or alter the provisions of the exceptions to the definition of the term "Outstanding";

(e) modify any of the provisions of this section or the section of the Indenture which discusses waiver of past defaults, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or

(f) permit the creation of any lien ranking prior to or on parity with the lien of the Indenture with respect to any of the Trust Estate or terminate the lien of the Indenture on any property at any time subject thereto or deprive the owner of any Bond of the security afforded by the lien of the Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered under the Indenture. The Trustee shall not be liable for any such determination made in good faith. In making such determination, the Trustee may rely conclusively upon an Opinion of Counsel.

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

A copy of any Supplemental Indenture shall be sent to any Rating Agency then rating the Bonds.

Satisfaction and Discharge of Indenture. The Indenture and the lien, rights and interests created by the Indenture shall cease, terminate and become null and void (except as to any surviving rights pursuant to the Indenture) if the following conditions are met:

(a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of the Indenture;

(b) all other sums payable under the Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment;

(c) the Trustee receives an Opinion of Co-Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that so providing for the payment of any Tax-Exempt Bonds will not cause the interest on such Tax-Exempt Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture; and

(d) the Trustee receives an Opinion of Counsel to the effect that all conditions precedent in this paragraph to the satisfaction and discharge of the Indenture have been complied with.

Thereupon, the Trustee shall execute and deliver to the City a termination statement and such instruments of satisfaction and discharge of the Indenture as may be necessary at the written request of the City, and shall pay, assign, transfer and deliver to the City, or other Persons entitled thereto, all moneys, securities and other property then held by it under the Indenture as a part of the Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee as therein provided for the payment of the principal of, premium, if any, and interest on the Bonds.

Rights Retained After Discharge. Notwithstanding the satisfaction and discharge of the Indenture, the rights of the Trustee under the Indenture shall survive, and the Trustee shall retain such rights, powers and duties under the Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided therein. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any Bond remaining unclaimed for four years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided therein, shall then be paid to the City without liability for interest thereon, and the owners of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the City for payment thereof and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease.

Acts of Bondowners. Any notice, request, demand, authorization, direction, consent, waiver or other action provided by the Indenture to be given or taken by bondowners may be embodied in and evidenced by one or more substantially concurrent instruments of similar tenor signed by such bondowners in person or by an agent duly appointed in writing. Except as therein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the City. Proof of execution of any such instrument or of a writing appointing any such agent, or of the ownership of Bonds other than the assignment of the ownership of a Bond, shall be sufficient for any purpose of the Indenture and conclusive in favor of the City and the Trustee, if made in the following manner:

(d) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof, or by the affidavit of a witness of such execution. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of such person's authority.

(e) The fact and date of execution of any such instrument or writing and the authority of any Person executing the same may also be proved in any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this paragraph.

(f) The ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same, shall be proved by the bond register maintained by the Trustee.

In determining whether the owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Bonds registered on the bond register in the name of the City shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the City has identified in writing to the Trustee as being owned by the City or an affiliate thereof shall be so disregarded.

Any notice, request, demand, authorization, direction, consent, waiver or other action by the owner of any Bond shall bind every future owner of the same Bond and the owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the City in reliance thereon, whether or not notation of such action is made upon such Bond.

SERIES 2017D TRUST INDENTURE

The following is a summary of certain provisions of the Trust Indenture, dated as of March 1, 2017 (referred to within this section summarizing such Indenture, as the "Indenture"), pursuant to which the Series 2017D Bonds (referred to collectively within this section as the "Series 2017D Bonds" or the "Bonds") will be issued. The summary does not purport to be complete or comprehensive, and this summary is qualified in its entirety by reference to the Indenture, copies of which are available from the Issuer.

Definitions of Words and Terms. For all purposes of the Indenture, except as otherwise provided or unless the context otherwise requires, the following words and terms used in the Indenture shall have the following meanings:

"Act" means Sections 99.800 *et seq.* of the Revised Statutes of Missouri, as amended.

"Additional Bonds" means any additional parity Bonds issued by the Issuer pursuant to the Indenture that stand on a parity and equality under the Indenture with the Series 2017D Bonds.

"Appropriated Moneys" means moneys of the City which have been annually appropriated by the City or which are deposited to the Revenue Fund created under the Indenture and available to pay the principal of and interest due on the Series 2017D Bonds and other payments described in the Indenture.

"Authority" means The Industrial Development Finance Authority of the City of Kansas City, Missouri.

"Board" means the Missouri Development Finance Board.

"Bond" or *"Bonds"* means the Series 2017D Bonds and any Additional Bonds issued pursuant to the Indenture.

"Bond Purchase Agreement" means the Bond Purchase Agreement between the Issuer and the Original Purchaser of the Series 2017 Bonds.

"Bondowner," "Owner," "Bondholder" or "Holder" means, as of any time, the registered owner of any Bond as shown in the register kept by the Trustee as bond registrar.

“*Business Day*” means a day, other than a Saturday, on which the Trustee and any Paying Agent shall be scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

“*City Council*” means the City Council of the City of Kansas City, Missouri.

“*City Revenues*” means all moneys appropriated by the Issuer other than Incremental Tax Revenues deposited in the City Revenues Account of the Revenue Fund for transfer to the Debt Service Fund.

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

“*Commission*” means the Tax Increment Financing Commission of Kansas City, Missouri and its successors and assigns.

“*Continuing Disclosure Undertaking*” means the Continuing Disclosure Undertaking of the Issuer, as from time to time amended in accordance with the provisions thereof.

“*Cooperative Agreement*” means the Cooperative Agreement between the Issuer and the Commission, as from time to time amended and supplemented by Supplemental Cooperative Agreements in accordance with the provisions of the Cooperative Agreement.

“*Costs of Issuance*” means issuance costs with respect to the Bonds described in Section 147(g) of the Internal Revenue Code and any regulations under the Indenture, including but not limited to the following:

- (a) underwriters’ spread of the Original Purchaser (whether realized directly or derived through purchase of Bonds at a discount below the price at which they are expected to be sold to the public);
- (b) counsel fees (including bond counsel, underwriter’s counsel, Commission’s counsel, Issuer’s counsel, as well as any other specialized counsel fees incurred in connection with the borrowing);
- (c) financial advisor fees of any financial advisor to the Issuer incurred in connection with the issuance of the Bonds;
- (d) rating agency fees;
- (e) trustee, escrow agent and paying agent fees;
- (f) accountant fees and other expenses related to issuance of the Bonds;
- (g) printing costs (for the Bonds and of the preliminary and final Official Statement relating to the Bonds); and
- (h) fees and expenses of the Issuer incurred in connection with the issuance of the Bonds.

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

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

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

“*Defeasance Obligations*” means:

- (a) Government Obligations which are not subject to redemption prior to maturity; or
- (b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations); or
- (c) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities; or
- (d) the interest component of Resolution Funding Corp. (REFCORP) strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form; or
- (e) Pre-refunded municipal obligations meeting the requirements of paragraph (j) of the definition of Permitted Investments; or
- (f) Obligations issued by the following agencies which are backed by the full faith and credit of the United States: (i) U.S. Export-Import Bank (Eximbank), Direct obligations or fully guaranteed certificates of beneficial ownership; (ii) Farmers Home Administration (FmHA), Certificates of beneficial ownership; (iii) Federal Financing Bank; (iv) General Services Administration, Participation certificates; (iv) U.S. Maritime Administration, Guaranteed Title XI financing; (v) U.S. Department of Housing and Urban Development (HUD), Project Notes, Local Authority Bonds, New Communities Debentures - U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

“*Department*” means the Missouri Department of Economic Development.

“*Economic Activity Taxes*” mean fifty percent (50%) of the total additional revenue from taxes which are imposed by other taxing districts (as that term is defined in the Act) and which taxes are generated by economic activities within Midtown Redevelopment Area over the amount of such taxes generated by economic activities within such Midtown Redevelopment Area in the calendar year preceding the adoption of tax increment financing for the Midtown Redevelopment Area, but excluding therefrom (i) personal property taxes, (ii) any taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, (iii) taxes levied pursuant to Section 70.500 R.S.Mo., (iv) taxes levied for public transportation pursuant to Section 94.660 R.S.Mo. and (v) licenses, fees or special assessments, other than payments in lieu of taxes, and penalties and interest thereon.

“*Event of Default*” means any event of default as defined in the Indenture.

“*Event of Nonappropriation*” means failure of the Issuer to budget and appropriate on or before the last day of any Fiscal Year moneys sufficient to pay the debt service payments and additional amounts due under the Indenture and payable during the next Fiscal Year.

“*Fiscal Year*” means the Issuer’s fiscal year, which is currently May 1 to April 30, or as it may be hereinafter defined by the Issuer.

“*Government Obligations*” means 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.

“*Incremental Tax Revenues*” means PILOTS from Midtown Redevelopment Area and, when appropriated by the Issuer or the State as applicable, Economic Activity Taxes, Super TIF Revenues and State TIF Revenues collected in the Midtown Redevelopment Area and which are assigned to the Trustee pursuant to the Cooperative Agreement.

“*Internal Revenue Code*” means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) under the Indenture and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

“*Issuer*” means the City of Kansas City, Missouri, a constitutional charter city and political subdivision of the State of Missouri and its successors and assigns.

“*Issuer Representative*” means the City Manager, the Director of Finance, the City Treasurer or any such other person at the time designated to act on behalf of the Issuer as evidenced by a written certificate furnished by the Issuer to the Trustee containing the specimen signature of such person and signed on behalf of the Issuer by the Director of Finance. References to each Issuer Representative shall include any person designated as serving in an acting capacity. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Issuer Representative.

“*Midtown Business Interruption Fund*” means the fund by that name created by the Indenture.

“*Midtown Developer*” means Midtown Redevelopment Corporation, a Missouri corporation and its successors and assigns.

“*Midtown Economic Activity Tax Account*” means the Economic Activity Tax Account in the Midtown Redevelopment Project Special Allocation Fund.

“*Midtown PILOTS Account*” means the PILOTS Account in the Midtown Redevelopment Project Special Allocation Fund.

“*Midtown Redevelopment Agreement*” means the Agreement dated as of April 5, 1995 by and between the Commission and the Midtown Developer.

“*Midtown Redevelopment Area*” means the areas described in **Exhibit A** of the Cooperative Agreement.

“*Midtown Redevelopment Project Area*” means collectively, the areas within the Midtown Redevelopment Area selected for redevelopment projects pursuant to the Midtown Redevelopment Plan as legally described on **Exhibit A** of the Cooperative Agreement.

“*Midtown Redevelopment Plan*” or “*Plan*” means the Midtown Tax Increment Financing Plan dated April 1, 1993, as amended by the First Amendment to the Midtown Tax Increment Financing Plan approved May 15, 1995, the Second Amendment to the Midtown Tax Increment Financing Plan approved September 15, 1999 and the Third Amendment to the Midtown Tax Increment Financing Plan approved October 11, 2000.

“*Midtown Redevelopment Project*” shall have the meaning set forth in the Recitals of the Indenture.

“*Midtown Redevelopment Project Special Allocation Fund*” means as to each of the Issuer and the Commission, the Redevelopment Special Allocation Fund held and maintained by the Issuer and Commission, relating to the Midtown Redevelopment Project and within such Redevelopment Special Allocation Fund, a PILOTS Account and an Economic Activity Tax Account, maintained by the Issuer or the Commission, as applicable.

“*Moody’s*” means Moody’s Investors Service, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*Moody’s*” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, by notice to the Trustee.

“*Officer’s Certificate*” means a written certificate in the form described in the Indenture of the Issuer signed by the Issuer Representative, which certificate shall be deemed to constitute a representation of, and shall be binding upon, the Issuer with respect to matters set forth therein.

“*Opinion of Co-Bond Counsel*” means a written opinion in the form described in the Indenture of any legal counsel acceptable to the Issuer and the Trustee who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

“*Opinion of Counsel*” means a written opinion in the form described in the Indenture of any legal counsel acceptable to the Trustee, who may be an employee of or counsel to the Trustee, the Issuer or the Commission.

“*Outstanding*” means when used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Indenture, except:

- (a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in the Indenture;
- (b) Bonds for whose payment or redemption money or Government Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the owners of such Bonds as provided in the Indenture, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture; and
- (d) Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in the Indenture.

“*Participants*” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“*Paying Agent*” means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to the Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

“*Payment Date*” means any date on which the principal of or interest on any Bonds is payable.

“*Payments in Lieu of Taxes*” or “*PILOTs*” means those payments in lieu of taxes (as defined in Sections 99.805(10) and 99.845 of the Act), if any, received by the Commission or the Issuer, attributable to the increase in the current equalized assessed valuation of all taxable lots, blocks, tracts and parcels of real property in Midtown Redevelopment Area over and above the certified total initial equalized assessed valuation of the real property in Midtown Redevelopment Area, as provided for by Section 99.845 of the Act, as in effect on the date of issuance of the Bonds.

“*Permitted Investments*” means any of the following securities, if and to the extent the same are at the time legal for investment of the moneys held in the funds and accounts listed in the Indenture:

1. United States Treasury Securities (Bills, Notes, Bonds and Strips).
2. United States Agency/GSE Securities. The Issuer may invest in obligations issued or guaranteed by any agency of the United States Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable market value that are described as follows:
 - (a) U.S. Government Agency Coupon and Zero Coupon Securities.
 - (b) U.S. Government Agency Discount Notes.
 - (c) U.S. Government Agency Callable Securities. Restricted to securities callable at par only.
 - (d) U.S. Government Agency Step-Up Securities. The coupon rate is fixed for an initial term. At the step-up date, the coupon rate rises to a new, higher fixed interest rate.
 - (e) U.S. Government Agency Floating Rate Securities. Restricted to coupons with no interim caps that reset at least quarterly and that float off of only one index.
 - (f) U.S. Government Agency/GSE Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than five (5) years when analyzed in a +300 basis point interest rate environment.
3. Repurchase Agreements. The Issuer may invest in contractual agreements between the Issuer and commercial banks or primary government securities dealers. The Securities Industry & Financial Markets Association’s (or any successor’s) guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions as more fully described in the Issuer’s investment policy. All repurchase agreement transactions will be either physical delivery or tri-party.
4. Bankers’ Acceptances. The Issuer may invest in bankers’ acceptances issued by domestic commercial banks possessing the highest credit rating issued by Moody’s or S&P.
5. Commercial Paper. The Issuer may invest in commercial paper issued by domestic corporations, which has received the highest short-term credit rating issued by Moody’s or S&P. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars (\$500,000,000) and are not listed on Credit Watch with negative implications by any nationally recognized credit rating agency at the time of purchase.
6. Municipal Securities (State and Local Government Obligations). The Issuer may invest in municipal obligations that are issued in either tax-exempt or taxable form.
 - (a) Any full faith and credit obligations of the State of Missouri rated at least A or A2 by S&P or Moody’s.
 - (b) Any full faith and credit obligations of any city, county or school district in the State of Missouri rated at least AA or Aa2 by S&P or Moody’s.
 - (c) Any full faith and credit obligations or revenue bonds of the City of Kansas City, Missouri rated at least A or A2 by S&P or Moody’s.
 - (d) Any full faith and credit obligation of any state or territory of the United States of America rated at least AA or Aa2 by S&P or Moody’s.
 - (e) Any full faith and credit obligations of any city, county or school district in any state or territory of the United States of America rated AAA or Aaa by S&P or Moody’s.

(f) Any revenue bonds issued by the Missouri Department of Transportation rated at least AA or Aa2 by S&P or Moody's.

(g) Any municipal obligation that is pre-refunded or escrowed to maturity as to both principal and interest with escrow securities that are fully guaranteed by the United States Government, without regard to rating by S&P or Moody's.

7. Money Market Mutual Funds. Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, rated in either of the two highest categories by Moody's and S&P (in either case without regard to any modifier).

8. Other. Such other investments not described above that are allowed pursuant to Missouri law and approved in the Charter.

References to particular ratings and rating categories in this definition are applicable only at the time of purchase of the Permitted Investments.

"Person" means any natural person, firm, association, corporation, partnership, limited liability, company, joint stock company, a joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

"Rating Agency" means Moody's or S&P or any other nationally recognized securities rating service.

"Rebate Fund" means the fund by that name created by the Indenture.

"Record Date" means the fifteenth day (whether or not a Business Day) of the calendar month next preceding the month in which an interest payment on any Bond is to be made.

"Refunded Bonds" means the \$17,425,000 Outstanding principal amount of The Industrial Development Authority of the City of Kansas City, Missouri Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A maturing on and after April 1, 2018.

"Refunding Fund" means that Fund by that name created by the Indenture.

"Replacement Bonds" means Bonds issued to the beneficial owners of the Bonds in accordance with the Indenture.

"Revenue Fund" means that Fund by that name created by the Indenture.

"Securities Depository" means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

"Series 2017D Bonds" means the series of the Issuer's Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D, in the aggregate principal amount of \$16,185,000, issued pursuant to the Indenture.

"S&P" means S&P Global Ratings, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating service designated by the Issuer, with notice to the Trustee.

“*State TIF Revenues*” means amounts made available to the Issuer through the State Supplemental Tax Increment Financing Program pursuant to Section 99.845, Revised Statutes of Missouri, and in conformance with an Amended Certificate of Approval from the Missouri Department of Economic Development relating to the Plan.

“*Super TIF Revenues*” means an amount equal to the 50% of the Issuer’s sales tax revenue and earnings tax revenue attributable to economic activity or earned in the Midtown Redevelopment Area and which does not constitute economic activity taxes under the Act, which may be appropriated on an annual basis by the Issuer, to be made available for payment of debt service on the Bonds.

“*Supplemental Indenture*” means any indenture supplemental or amendatory to the Indenture entered into by the Issuer and the Trustee pursuant to the Indenture.

“*Tax Compliance Agreement*” means the Tax Compliance Agreement between the Issuer and the Trustee.

“*Transaction Documents*” means the Indenture, the Cooperative Agreement, the Bonds, the Official Statement relating to the Bonds, the Continuing Disclosure Undertaking, the Bond Purchase Agreement, the Tax Compliance Agreement and any and all other documents or instruments that evidence or are a part of the transactions referred to in the Indenture, the Cooperative Agreement or the Official Statement or contemplated by the Indenture or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Transaction Documents” are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

Granting Clauses. Pursuant to the Indenture, the Issuer transfers in trust, pledges and assigns to the Trustee, and grants a security interest to the Trustee in, the property described in paragraphs (a), (b) and (c) below (said property referred to therein as the “Trust Estate”):

- (a) All Appropriated Moneys; and
- (b) All right, title and interest of the Issuer (including, but not limited to, the right to enforce any of the terms thereof) in, to and under the Cooperative Agreement, except for the Issuer’s Unassigned Rights, and
- (c) All other moneys and securities from time to time held by the Trustee under the terms of the Indenture (excluding amounts held in the Rebate Fund, as hereinafter defined), and any and all other property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture by the Issuer, or by anyone in its behalf or with its written consent, to the Trustee, which is thereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

Authorization of Additional Bonds. Additional Bonds may be issued under and equally and ratably secured by the Indenture on a parity (except as otherwise provided in the Indenture) with the Series 2017D Bonds and any other Additional Bonds at any time and from time to time, upon compliance with the conditions set forth in the Indenture.

Before any Additional Bonds are issued under the provisions of the Indenture, the Issuer shall pass an Ordinance (a) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof

and describing the purpose or purposes for which such Additional Bonds are being issued, (b) authorizing the Issuer to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such series of Bonds and the form of the Bonds of such series, and (c) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the Issuer, are not prejudicial to the Issuer or the owners of the Bonds previously issued.

Such Additional Bonds shall have the same general title as the Series 2017D Bonds, except for an identifying series letter or date, and shall be dated, shall mature on such dates, shall be numbered, shall bear interest at such rates not exceeding the maximum rate then permitted by law payable at such times, and shall be redeemable at such times and prices (subject to the provisions of the Indenture), all as provided by the Supplemental Indenture authorizing the issuance of such Additional Bonds. Except as to any difference in the date, the maturities, the rates of interest or the provisions for redemption, such Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of the Indenture as the Series 2017D Bonds and any other Additional Bonds.

Method and Place of Payment. The principal of, redemption premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

The principal of and the redemption premium, if any, on all Bonds shall be payable by check or draft at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the bond register maintained by the Trustee at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the principal corporate trust office of the Trustee or of any Paying Agent named in the Bonds.

The interest payable on each Bond on any interest payment date shall be paid by the Trustee to the registered owner of such Bond as shown on the bond register at the close of business on the Record Date for such interest, (a) by check or draft mailed to such registered owner at such owner's address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such owner, or (b) at the written request addressed to the Trustee by any owner of Bonds in the aggregate principal amount of at least \$1,000,000, by electronic transfer to such owner upon written notice to the Trustee from such owner containing the electronic transfer instructions (which shall be in the continental United States) to which such owner wishes to have such transfer directed and such written notice is given by such owner to the Trustee not less than 15 days prior to the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Interest on any Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the owner of such Bond on the relevant Record Date and shall be payable to the owner in whose name such Bond is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the owners of the Bonds entitled to such Defaulted Interest as provided in the Indenture. Following receipt of such funds the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which

shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each owner of a Bond entitled to such notice at the address of such owner as it appears on the bond register not less than 10 days prior to such Special Record Date.

Subject to the provisions of the Indenture, each Bond delivered under the Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Creation of Funds and Accounts. There are created and ordered to be established in the custody of the Trustee the following special trust funds in the name of the Issuer to be designated as follows:

- (a) Costs of Issuance Fund.
- (b) Debt Service Fund, with a Redemption Account therein.
- (c) Revenue Fund, and within such Revenue Fund a State Sales Tax Revenues Account, an Incremental Tax Revenues Account, a Super TIF Revenues Account and a City Revenues Account.
- (d) Refunding Fund.
- (e) Rebate Fund.
- (f) Midtown Business Interruption Fund.

The Trustee is authorized to establish separate accounts within such funds or otherwise segregate moneys within such funds, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient, or as the Trustee shall be instructed by the Issuer.

Costs of Issuance Fund. The moneys on deposit in the Costs of Issuance Fund shall be disbursed by the Trustee from time to time, upon receipt of written disbursement requests of the Issuer, signed by the Issuer Representative, in amounts equal to the amount of Costs of Issuance certified in such written requests. At such time as the Trustee is furnished with an Officer's Certificate from the Issuer stating that all Costs of Issuance have been paid, and in any case not later than six months from the date of original issuance of the Series 2017D Bonds, the Trustee shall transfer any moneys remaining in the Costs of Issuance Fund to the Debt Service Fund as instructed by the Issuer Representative.

Debt Service Fund. The Trustee shall deposit and credit to the Debt Service Fund, as and when received, as follows:

- (a) The amounts required to be deposited therein under the Indenture.
- (b) Any amount required to be transferred from the Revenue Fund pursuant to the Indenture.
- (c) Interest earnings and other income on Permitted Investments required to be deposited in the Debt Service Fund pursuant to the Indenture.
- (d) Any amounts required by a Supplemental Indenture authorizing the issuance of Additional Bonds to be deposited in the Debt Service Fund, as specified in such Supplemental Indenture.

(e) All other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or any other Transaction Document, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Fund.

The moneys in the Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of the Indenture to pay the principal of and redemption premium, if any, and interest on the Bonds as the same become due and payable. Except as otherwise provided therein, moneys in the Debt Service Fund shall be expended solely as follows: (i) to pay interest on the Bonds as the same becomes due; (ii) to pay principal of the Bonds as the same mature or become due and upon mandatory sinking fund redemption thereof; and (iii) to pay principal of and redemption premium, if any, on the Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to maturity.

The Trustee is authorized and directed to withdraw sufficient funds from the Debt Service Fund to pay principal of, redemption premium, if any, and interest on the Bonds as the same become due and payable at maturity or upon redemption and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said principal, redemption premium, if any, and interest.

The Trustee, upon the written instructions from the Issuer, shall transfer any excess moneys in the Debt Service Fund to the Redemption Account therein. Amounts deposited in the Redemption Account may be used to redeem all or part of the Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the Issuer, in accordance with the provisions of the Indenture, to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption. The Issuer may cause such excess money in the Redemption Account or such part thereof or other moneys of the Issuer, as the Issuer may direct, to be applied by the Trustee on a best efforts basis to the extent practical for the purchase of Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of redemption premium, if any, and interest on the Bonds (or after provision has been made for the payment thereof as provided in the Indenture), and the fees, charges and expenses of the Trustee, any Paying Agents and the Issuer, and any other amounts required to be paid under the Indenture, all amounts remaining in the Debt Service Fund shall be paid to the Issuer.

Deposits into the Revenue Fund.

(a) All State Sales Tax Revenues identified as such by the Commission or Issuer shall be paid over to and deposited by the Trustee into the State Sales Tax Revenue Account, as and when received.

(b) The following moneys shall be paid over to and deposited by the Trustee into the Incremental Tax Revenues Account, as and when received:

(i) The amounts identified by the Commission or Issuer as funds paid by the Commission or the Issuer pursuant to the Cooperative Agreement.

(ii) All other moneys received by the Trustee when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Incremental Tax Revenues Account.

(c) The following moneys shall be paid over to and deposited by the Trustee into the Super TIF Revenues Account, as and when received:

(i) The amounts identified by the Commission or Issuer as funds paid by the Commission or the Issuer pursuant to the Cooperative Agreement.

(ii) All other moneys received by the Trustee when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Super TIF Account.

(d) The Trustee shall deposit into the City Revenues Account all moneys received by the Trustee when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the City Revenues Account, including Appropriated Moneys and City Revenues.

Midtown Business Interruption Fund.

(a) The Trustee shall deposit into the Midtown Business Interruption Fund all moneys received by the Trustee when accompanied by written directions from the person depositing such moneys that such moneys are to be paid into the Midtown Business Interruption Fund.

(b) Except as otherwise provided in the Indenture, moneys in the Midtown Business Interruption Fund shall be used by the Trustee upon written direction of the Issuer for the payment of the principal of and interest on the Bonds if moneys otherwise available for such purpose as provided in the Indenture are insufficient to pay the same as they become due and payable. In the event the balance of moneys in the Debt Service Fund is insufficient to pay principal of or interest on the Bonds when due and payable, upon direction of the Issuer moneys in the Midtown Business Interruption Fund, if any, shall be transferred into the Debt Service Fund in an amount sufficient to make up such deficiency. Such moneys shall be used first to make up any deficiency in the payment of interest and then principal. Moneys in the Midtown Business Interruption Fund shall also be used to pay the last Bonds becoming due unless such Bonds and all interest thereon be otherwise paid.

(c) Upon written direction of the Issuer, moneys in the Midtown Business Interruption Fund shall also be disbursed in accordance with the Issuer's direction to pay such Redevelopment Costs as may be permitted under the Act.

(d) Moneys in the Midtown Business Interruption Fund may be used for such other purposes as shall be directed by the Issuer.

(e) After payment in full of the principal of, redemption premium, if any, and interest on the Bonds (or provision has been made for the payment thereof as specified in the Indenture), and the fees, charges and expenses of the Trustee and any Paying Agents and any other amounts required to be paid under the Indenture, all amounts remaining in the Midtown Business Interruption Fund shall be paid to the Issuer.

Rebate Fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement and pursuant to the Indenture. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America or any expenses incurred in connection with the calculation of rebate, and neither the Issuer nor the owner of any Bonds shall have any rights in or claim to such money, except as provided in the Indenture. All amounts held in the Rebate Fund shall be governed by the Indenture and by the Tax Compliance Agreement (which are incorporated therein by reference).

Pursuant to the Tax Compliance Agreement, the Trustee shall remit all required rebate installments and a final rebate payment to the United States in accordance with the written direction of the Issuer. Neither the Trustee nor the Issuer shall have any obligation to pay any amounts required to be rebated pursuant to the Indenture and the Tax Compliance Agreement, other than from moneys held in the Rebate Fund created under the Indenture as provided in the Indenture or from other moneys provided to it by the Issuer. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any rebatable arbitrage shall be withdrawn and paid to the Issuer.

The obligation to pay arbitrage rebate to the United States and to comply with all other requirements of this the Indenture and the Tax Compliance Agreement shall survive the defeasance or payment in full of the Bonds until all rebatable arbitrage shall have been paid.

Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Issuer to the owner thereof for the payment of such Bond, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust in a separate trust account, without liability for interest thereon, for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on such person's part under the Indenture or on or with respect to said Bond. If any Bond shall not be presented for payment within four years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the Issuer the funds theretofore held by it for payment of such Bond without liability for interest thereon, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Records and Reports of Trustee. The Trustee agrees to maintain such records with respect to any and all moneys or investments held by the Trustee pursuant to the provisions of the Indenture as are requested by the Issuer. The Trustee shall furnish to the Issuer, monthly on the tenth Business Day after the end of each calendar month, a report on the status of each of the funds and accounts established under the Indenture which are held by the Trustee, showing the balance in each such fund or account as of the first day of the preceding month, the total of deposits to and the total of disbursements from each such fund or account, the dates of such deposits and disbursements, and the balance in each such fund or account on the last day of the preceding month. The Trustee shall render an annual accounting for each fiscal year ending April 30 to the Issuer and any bondowner at the expense of such bondowner requesting the same, showing in reasonable detail all financial transactions relating to the Trust Estate during the accounting period, including investment earnings and the balance in any funds or accounts created by the Indenture as of the beginning and close of such accounting period.

Investment of Moneys. Moneys held in each of the funds and accounts under the Indenture shall, pursuant to written directions of the Issuer Representative, be invested and reinvested by the Trustee in accordance with the provisions of the Indenture and the Tax Compliance Agreement in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds

are expected to be needed. If the Issuer fails to provide written directions concerning investment of moneys held in the funds, the Trustee shall invest in such Permitted Investments specified in paragraph (k) of the definition of Permitted Investments, provided they mature or are subject to redemption prior to the date such funds will be needed. The Trustee may conclusively rely upon the written direction of the Issuer Representative as to the suitability and legality of any directed investment. The Trustee is specifically authorized to implement its automated cash investment system to invest cash and to charge its normal cash management fees, which may be deducted from earned income on investments. The Trustee may make any investments permitted by the provisions of the Indenture through its own bond department or short-term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes, except moneys held in any fund or account that are required to be yield restricted in accordance with the Tax Compliance Agreement, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments (other than any amounts required to be deposited in the Rebate Fund pursuant to the Indenture) shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account. After the Trustee has notice pursuant to the Indenture of the existence of an Event of Default, the Trustee shall direct the investment of moneys in the Funds held under the Indenture. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments.

Limited Obligations. The Bonds and the interest thereon shall be special, limited obligations of the Issuer payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof) solely out of Appropriated Moneys and moneys in the Funds and Accounts held by the Trustee under the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the Issuer within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the Issuer, but shall be payable solely from the funds provided for in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the Issuer to levy any form of taxation therefor or to make any appropriation for their payment.

Inspection of Books. The Issuer covenants and agrees that all books and documents in its possession relating to the Bonds and the Indenture, and the transactions relating thereto shall at all reasonable times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate. The Trustee covenants and agrees that all books and documents in its possession relating to the Bonds and the Indenture, and the transactions relating thereto, including financial statements of the Issuer, shall be open to inspection by the Issuer during business hours upon reasonable notice.

Enforcement of Rights. The Issuer agrees that the Trustee, as assignee, transferee, pledgee, and owner of a security interest under the Indenture in its name or in the name of the Issuer may enforce all rights of the Issuer and the Trustee for and on behalf of the bondowners, whether or not the Issuer is in default under the Indenture.

Tax Covenants. The Issuer shall at all times do and perform all acts and things permitted by law and the Indenture which are necessary or desirable in order to assure that interest paid on the Bonds (or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the Issuer agrees to comply with the provisions of the Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds.

Annual Appropriations. The Issuer intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to the Indenture, moneys sufficient to pay all the principal of and interest on the Bonds coming due in the next succeeding Fiscal Year. The Issuer shall deliver written notice to the Trustee no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the principal of and interest on the Bonds to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the principal of and interest on the Bonds to become due during such Fiscal Year, the failure of the Issuer to deliver the foregoing notice on or before the fifteenth 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 Issuer'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 principal of and interest on the Bonds to become due during such succeeding Fiscal Year, the failure of the Issuer to deliver the foregoing notice on or before the fifteenth 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 Issuer 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 Bonds are Outstanding, an appropriation for all payments of principal of and interest on the Bonds required for the ensuing Fiscal Year; it being the intention of the Issuer that the decision to appropriate or not to appropriate under the Indenture shall be made solely by the City Council and not by any other official of the Issuer. The Issuer intends, subject to the provisions above respecting the failure of the Issuer to budget or appropriate funds to make payments on the Bonds, to pay the debt service on the Bonds under the Indenture. The Issuer reasonably believes that legally available funds in an amount sufficient to make all payments of principal of and interest on the Bonds due during each Fiscal Year can be obtained. The Issuer further intends to do all things lawfully within its power to obtain and maintain funds from which payments of principal of and interest on the Bonds may be made, including making provision for such debt service payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the Issuer. Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the Issuer's normal procedures for such decisions.

The term "event of default," wherever used in the Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (a) default in the payment of any interest on any Bond when such interest becomes due and payable;
- (b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or
- (c) default in the performance, or breach, of any covenant or agreement of the Issuer in the Indenture or the Reimbursement Agreement (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in the Indenture), and continuance of such default or breach for a period of 60 days after there has been given to the Issuer by the Trustee or to the Issuer and the Trustee by the owners of at least 10% in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 60-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Issuer shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch.

Acceleration of Maturity; Rescission and Annulment. If an event of default occurs and is continuing, the Trustee may, and if requested by the owners of not less than 25% in principal amount of the Bonds Outstanding shall, by written notice to the Issuer, declare the principal of all Bonds Outstanding and the interest accrued thereon to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in the Indenture, the Trustee or the owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if

- (a) the Issuer has deposited with the Trustee a sum sufficient to pay
- (b) all overdue installments of interest on all Bonds;
- (c) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in the Bonds;
- (d) interest upon overdue installments of interest at the rate prescribed therefor in the Bonds; and
- (e) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and
- (f) all events of default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in the Indenture.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Exercise of Remedies by the Trustee. Upon the occurrence and continuance of any event of default under the Indenture, unless the same is waived as provided in the Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under the Indenture or by law:

- (a) ***Right To Bring Suit, Etc.*** The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under the Indenture, to realize on or to foreclose any of its interests or liens under the Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the Issuer as set forth in the Indenture and to enforce or preserve any other rights or interests of the Trustee under the Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.
- (b) ***Exercise of Remedies at Direction of Bondowners.*** If requested in writing to do so by the owners of not less than 25% in principal amount of Bonds Outstanding and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by the Indenture as the Trustee shall deem most expedient in the interests of the bondowners.

(c) **Appointment of Receiver.** Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondowners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) **Suits To Protect the Trust Estate.** The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture and to protect its interests and the interests of the bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under the Indenture or be prejudicial to the interests of the bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the bondowners in any judicial proceeding to which the Issuer is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the bondowners.

(e) **Enforcement Without Possession of Bonds.** All rights of action under the Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of the Indenture, be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.

(f) **Restoration of Positions.** If the Trustee or any bondowner has instituted any proceeding to enforce any right or remedy under the Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such bondowner, then and in every case the Issuer and the bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Indenture, and thereafter all rights and remedies of the Trustee and the bondowners shall continue as though no such proceeding had been instituted.

Limitation on Suits by Bondowners. No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Indenture, unless

(a) such owner has previously given written notice to the Trustee of a continuing event of default;

(b) the owners of not less than 25% in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under the Indenture;

(c) such owner or owners have offered to the Trustee indemnity as provided in the Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the owners of a majority in principal amount of the Outstanding Bonds;

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other owners or to enforce any right under the Indenture, except in the manner therein provided and for the equal and ratable benefit of all Outstanding Bonds.

Control of Proceedings by Bondowners. The owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an event of default, provided indemnity has been provided to the Trustee in accordance with the Indenture:

(a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Indenture, or otherwise; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture; provided that

(d) such direction shall not be in conflict with any rule of law or the Indenture;

(e) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

(f) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction.

Application of Moneys Collected. Any moneys collected by the Trustee pursuant to the Indenture (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) FIRST: To the payment of all undeducted amounts due the Trustee under the Indenture;

(b) SECOND: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due;

(c) THIRD: to the payment of the remainder, if any, to the Issuer or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of the Indenture, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, in accordance with the Indenture, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Rights and Remedies Cumulative. No right or remedy conferred in the Indenture upon or reserved to the Trustee or to the bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy under the Indenture, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Delay or Omission Not Waiver. No delay or omission of the Trustee or of any owner of any Bond to exercise any right or remedy accruing upon an event of default shall impair any such right or remedy or constitute a waiver of any such event of default or an acquiescence therein. Every right and remedy given by the Indenture or by law to the Trustee or to the bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the bondowners, as the case may be.

Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in the Indenture, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Trustee and the Issuer, on behalf of the owners of all the Bonds waive any past default under the Indenture and its consequences, except a default

- (a) in the payment of the principal of (or premium, if any) or interest on any Bond; or
- (b) in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of the owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any event of default arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

Notice of Defaults. The Trustee shall not be required to take notice or be deemed to have notice of any default under the Indenture except failure by the Issuer to cause to be made any of the payments to the Trustee required to be made by the Indenture, unless the Trustee shall be specifically notified in writing of such default by the Issuer or the owners of at least 10% in principal amount of all Bonds Outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within 30 days after the Trustee has received notice of any event of default or the occurrence of any event of default under the Indenture of which the Trustee is deemed to have notice the Trustee shall give written notice of such event of default by mail to all owners of Bonds as shown on the bond register maintained by the Trustee, unless such event of default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bond, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the bondowners. For the purpose of this paragraph, the term "default" means any event which is, or after notice or lapse of time or both would become, an event of default as defined in the Indenture.

The Trustee shall promptly notify the Issuer in writing of any claim or action brought against the Trustee in respect of which indemnity may be sought against the Issuer, setting forth the particulars of such claim or action, and the Issuer will assume the defense thereof, including the employment of counsel satisfactory to the Trustee and the payment of all expenses. The Trustee may employ separate counsel in any such action and participate in the defense thereof, and the reasonable fees and expenses of such counsel shall not be payable by the Issuer unless such employment has been specifically authorized by the Issuer, the rules governing conflicts of interest require the employ of separate counsel, or the Issuer fails, in the judgment of the Trustee, to employ competent counsel, and such counsel fails to actively defend such action and protect the interests of the Trustee or bondowners.

As security for the payment of such compensation, expenses, reimbursements and indemnity under this section, the Trustee shall be secured under the Indenture by a first lien prior to the Bonds, and shall have the right to use and apply any trust moneys held by it under the Indenture.

Resignation and Removal of Trustee.

(a) The Trustee may resign at any time by giving written notice thereof to the Issuer and each owner of Bonds Outstanding as shown by the list of bondowners required by the Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) If the Trustee has or shall acquire any conflicting interest (as determined by the Trustee), it shall, within 90 days after ascertaining that it has a conflicting interest, or within 30 days after receiving written notice from the Issuer (so long as the Issuer is not in default under the Indenture) that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in subsection (a).

(c) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Issuer and the Trustee signed by the owners of a majority in principal amount of the Outstanding Bonds, or, so long as the Issuer is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default under the Indenture, by the Issuer. The Issuer or any bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

(d) If at any time:

(i) the Trustee shall fail to comply with subsection (b) after written request therefor by the Issuer or by any Bondowner;

(ii) the Trustee shall cease to be eligible under the Indenture and shall fail to resign after written request therefor by the Issuer or by any such Bondowner; or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (A) the Issuer may remove the Trustee, or (B) any bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) The Trustee shall give notice at the expense of the Issuer of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the registered owners of Bonds as their names and addresses appear in the bond register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

(f) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the Indenture shall become effective until the acceptance of appointment by the successor Trustee under the Indenture.

Appointment of Successor Trustee. If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Issuer (so long as no event of default under the Indenture has occurred and is continuing), or the owners of a majority in principal amount of Bonds Outstanding (if an event of default under the Indenture has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the Issuer and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the Issuer or the bondowners. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner therein provided, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner therein provided, any bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of the Indenture shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of the Indenture.

Acceptance of Appointment by Successor. Every successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to the Issuer and to the retiring Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee and the duties and obligations of the retiring Trustee shall cease and terminate; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, fees, costs and expenses, including its agents and counsel, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts therein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee under the Indenture, subject nevertheless to its lien, if any, provided for in the Indenture. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

Merger, Consolidation and Succession to Business. Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee under the Indenture, provided such corporation or association shall be otherwise qualified and eligible under the Indenture, and shall be vested with all of the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor,

without the execution or filing of any paper or any further act on the part of any of the parties thereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Co-Trustees and Separate Trustees. At any time or times, for the purpose of meeting the legal requirements of any jurisdiction in which any of the Trust Estate may at the time be located, or in the enforcement of any default or the exercise any of the powers, rights or remedies therein granted to the Trustee, or any other action which may be desirable or necessary in connection therewith, the Trustee shall have power to appoint, and, upon the written request of the Trustee or of the owners of at least 25% in principal amount of the Bonds Outstanding, the Issuer shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Trustee either to act as co-trustee, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such person or persons in the capacity aforesaid, any property, title, protection, immunity, right or power deemed necessary or desirable, subject to the other provisions of the Indenture. If the Issuer does not join in such appointment within 15 days after the receipt by it of a request so to do, or in case an event of default has occurred and is continuing, the Trustee alone shall have power to make such appointment.

Should any written instrument from the Issuer be required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the Issuer.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) The Bonds shall be authenticated and delivered, and all rights, powers, duties and obligations under the Indenture in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustee under the Indenture, shall be exercised solely, by the Trustee.

(b) The rights, powers, duties and obligations conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Trustee or by the Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee.

(c) The Trustee at any time, by an instrument in writing executed by it, with the concurrence of the Issuer, may accept the resignation of or remove any co-trustee or separate trustee appointed under the Indenture, and, in case an event of default has occurred and is continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Issuer. Upon the written request of the Trustee, the Issuer shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in the Indenture.

(d) No co-trustee or separate trustee under the Indenture shall be personally liable by reason of any act or omission of the Trustee, or any other such trustee under the Indenture.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other act of bondowners delivered to the Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

Supplemental Indentures Without Consent of Bondowners. Without the consent of the owners of any Bonds, except as provided in the Indenture as to the issuance of certain Additional Bonds, the Issuer and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

(a) to correct or amplify the description of any property at any time subject to the lien of the Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property;

(b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, as therein set forth, additional conditions, limitations and restrictions thereafter to be observed;

(c) to authorize the issuance of any series of Additional Bonds and, make such other provisions as provided in the Indenture;

(d) to evidence the appointment of a separate trustee or the succession of a new trustee under the Indenture;

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

(f) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision therein or to make any other change, with respect to matters or questions arising under the Indenture, which shall not be inconsistent with the provisions of the Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds (in making such determination the Trustee may rely conclusively upon an Opinion of Counsel); or

(g) to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

Supplemental Indentures with Consent of Bondowners. With the consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the Issuer and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the owners of the Bonds under the Indenture; provided, however, that no such Supplemental Indenture 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, any Bond, 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, any Bond, 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);

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

(c) modify the obligation of the Issuer to make payment on or provide funds for the payment of any Bond;

(d) modify or alter the provisions of the proviso to the definition of the term "Outstanding";

(e) modify any of the provisions of this section or the section of the Indenture which discusses waiver of past defaults, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or

(f) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any of the Trust Estate or terminate the lien of the Indenture on any property at any time subject thereto or deprive the owner of any Bond of the security afforded by the lien of the Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered under the Indenture. The Trustee shall not be liable for any such determination made in good faith. In making such determination, the Trustee shall be entitled to receive and may rely conclusively upon an Opinion of Counsel.

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

Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by the Indenture or the modification thereby of the trusts created by the Indenture, the Trustee shall be entitled to receive, and, subject to the Indenture, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Indenture is authorized and permitted by and in compliance with the terms of the Indenture and that the execution and delivery thereof will not adversely affect the exclusion from federal gross income of interest on the Bonds. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

Satisfaction and Discharge of Indenture. The Indenture and the lien, rights and interests created by the Indenture shall cease, terminate and become null and void (except as to any surviving rights pursuant to the Indenture) if the following conditions are met:

(a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of the Indenture;

(b) all other sums payable under the Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment;

(c) the Trustee receives an Opinion of Co-Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture; and

(d) the Trustee receives an Opinion of Counsel to the effect that all conditions precedent in this section to the satisfaction and discharge of the Indenture have been complied with.

Thereupon, the Trustee shall execute and deliver to the Issuer a termination statement and such instruments of satisfaction and discharge of the Indenture as may be necessary at the written request of the Issuer, and shall pay, assign, transfer and deliver to the Issuer, or other Persons entitled thereto, all moneys, securities and other property then held by it under the Indenture as a part of the Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee as therein provided for the payment of the principal of, premium, if any, and interest on the Bonds.

Rights Retained After Discharge. Notwithstanding the satisfaction and discharge of the Indenture, the rights of the Trustee under the Indenture shall survive, and the Trustee shall retain such rights, powers and duties under the Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided therein. Nevertheless, any moneys held by the Trustee or any Paying Agent for the payment of the principal of, redemption premium, if any, or interest on any Bond remaining unclaimed for four years after the principal of all Bonds has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided therein, shall then be paid to the Issuer without liability for interest thereon, and the owners of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the Issuer for payment thereof and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease.

Acts of Bondowners. Any notice, request, demand, authorization, direction, consent, waiver or other action provided by the Indenture to be given or taken by bondowners may be embodied in and evidenced by one or more substantially concurrent instruments of similar tenor signed by such bondowners in person or by an agent duly appointed in writing. Except as therein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or of the ownership of Bonds other than the assignment of the ownership of a Bond, shall be sufficient for any purpose of the Indenture and conclusive in favor of the Issuer and the Trustee, if made in the following manner:

(e) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof, or by the affidavit of a witness of such execution. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of such person's authority.

(f) The fact and date of execution of any such instrument or writing and the authority of any Person executing the same may also be proved in any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in the Indenture.

(g) The ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same, shall be proved by the bond register maintained by the Trustee.

In determining whether the owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Bonds registered on the bond register in the name of the Issuer shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Issuer has identified in writing to the Trustee as being owned by the Issuer or an affiliate thereof shall be so disregarded.

Any notice, request, demand, authorization, direction, consent, waiver or other action by the owner of any Bond shall bind every future owner of the same Bond and the owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Bond.

APPENDIX C

INFORMATION REGARDING THE CITY OF KANSAS CITY, MISSOURI

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INFORMATION CONCERNING THE CITY OF KANSAS CITY, MISSOURI

GENERAL INFORMATION

Location, Size and Demographics

Kansas City, Missouri (the "City") is the largest City in Missouri and is the central city of a fourteen county Metropolitan Statistical Area (MSA) which includes Bates, Caldwell, Cass, Clay, Clinton, Lafayette, Ray, Jackson and Platte counties in the State of Missouri and Johnson, Linn, Wyandotte, Miami and Leavenworth counties in the State of Kansas. The City is located in parts of Jackson, Clay, Platte and Cass counties on the western border of the State of Missouri, and is situated at the confluence of the Kansas and Missouri rivers on Interstate Highways I-29, I-49, I-35 and I-70.

Historically, the City has pursued a policy of annexation, and is today the 11th largest city in land area in the United States with a total area of approximately 319 square miles (excluding cities consolidated with counties). The City's Department of City Planning and Development estimates that the City's 2016 population is 477,146 and that the population of the Kansas City MSA is 2,101,758. There is excellent quality and reasonably priced housing available in the City. The cost of an existing home in the Kansas City MSA is approximately twenty-five percent below the average for comparable homes in the United States as of first quarter 2016.

Municipal Government and Services

The City was incorporated on June 3, 1850. The City is a constitutional home rule city and adopted its present Charter by popular vote on August 8, 2006, (as further amended) pursuant to Article VI, Section 19 of the Missouri Constitution.

The City has a Council-Manager form of government. There are 13 members of the Council, including the Mayor. All are elected for four-year terms, with the Mayor and six Council members elected at large and the other six Council members elected by the residents of their districts. The City Manager is appointed by the Council. The Council determines City policy and oversees City affairs. All resolutions and most ordinances can be passed by the affirmative vote of seven Council members. However, emergency measures for the immediate preservation of the public peace, property, health, safety or morals and ordinances to expel a council member, to amend the zoning law when under protest, to vacate a public right of way, or to engage in temporary loans require nine affirmative votes.

As of July 1, 2016, the City has approximately 6,475 employees including the Police Department. The police are not unionized. Certain Fire personnel are union-eligible; however, not all Fire Department employees are represented by a bargaining unit. Along with the Fire Chief and his Principal Assistant, the Fire Department has administrative and clerical staff, and Deputy Chiefs that are not represented by any bargaining unit. The Fire personnel are represented by the Local 42 IAFF (approximately 1,173 members) and the 3808 IAFF Union (approximately 63 members). Approximately 1,504 City employees in labor classifications are represented by the AFSCME Local 500. The AFSCME Local Union No. 500 is the City's largest union.. The Local 42 and 3808 IAFF Union and the City have reached an agreement on a new Collective Bargaining Agreement ("CBA") that is in effect until 2020. With regards to the Local 42 IAFF CBA, the ordinance adopting the CBA for the period beginning May 1, 2015 through April 30, 2020 has been approved by the City Council, conditioned upon a change to the proposed CBA that wages are frozen in year 5 unless a new revenue stream providing new emergency medical services revenue has been implemented by the end of year 4. The AFSCME Local Union No. 500 and the City reached an agreement on a new Collective Bargaining Agreement ("CBA") that is effective from September 18, 2016 through April 30, 2020.

The City's tax structure is diverse and includes the Earnings and Profits Tax, Sales and Use Tax, Convention and Tourism Tax, General Property Tax, Gaming Tax, Motor Fuel Tax, Cigarette Tax, Occupational License Tax and Utility Taxes which includes Land-line and Wireless Telephone, Natural Gas, Steam, Cable Television and Electric Taxes.

For the purpose of providing funds for the acquisition, development, construction, operation, and maintenance of a Downtown Arena and appurtenant facilities including costs of land, infrastructure, design, engineering, finance and furnishing and equipping said facilities, qualified voters of the City approved at a general election on August 3, 2004, the modification of the license fees on rental car agencies and on hotels, motels and tourist courts referred to as the Arena Fee.

The City provides all basic municipal services, including police and fire protection, emergency medical treatment, water and sewage treatment, street construction and maintenance, traffic regulation and control, refuse collection, street lighting, public health protection, animal health and safety, property maintenance and public nuisance code enforcement, planning and maintenance of City parks and boulevards, street tree maintenance, municipal golf courses, public swimming pools and tennis courts, community center operations, management of two municipal airports, administration of zoning and building code regulations, parking garage operations, and operation of the City's convention facilities. The Police Department, although funded primarily by General Funds of the City, is a separate governmental entity governed by a Board of Police Commissioners appointed by the Governor of the State of Missouri. School districts, which serve the City, are also separate governmental entities. Truman Medical Center receives funding from a dedicated ad valorem property tax but is governed by a separate board.

SELECTED DEMOGRAPHIC STATISTICS

Kansas City, Missouri			Metropolitan Statistical Area ⁽⁷⁾		
Year	Population	Per Capita Personal Income	Year	Population	Per Capita ⁽⁸⁾ Personal Income
2007	454,314 ⁽¹⁾	24,299 ⁽³⁾	2007	1,950,032 ⁽¹⁾	27,650 ⁽³⁾
2008	456,139 ⁽¹⁾	27,298 ⁽³⁾	2008	1,969,802 ⁽¹⁾	29,084 ⁽³⁾
2009	457,963 ⁽¹⁾	25,189 ⁽³⁾	2009	1,989,572 ⁽¹⁾	27,922 ⁽³⁾
2010	459,787 ⁽²⁾	24,756 ⁽³⁾	2010	2,009,342 ⁽²⁾	27,377 ⁽³⁾
2011	462,091 ⁽⁴⁾	26,091 ⁽³⁾	2011	2,025,082 ⁽⁴⁾	28,262 ⁽³⁾
2012	464,511 ⁽⁴⁾	26,066 ⁽³⁾	2012	2,039,356 ⁽⁴⁾	28,882 ⁽³⁾
2013	467,251 ⁽⁴⁾	26,202 ⁽³⁾	2013	2,055,178 ⁽⁴⁾	29,688 ⁽³⁾
2014	470,882 ⁽⁴⁾	26,998 ⁽³⁾	2014	2,071,283 ⁽⁴⁾	30,369 ⁽³⁾
2015	475,378 ⁽⁴⁾	27,431 ⁽⁵⁾	2015	2,087,471 ⁽⁴⁾	30,749 ⁽⁵⁾
2016	477,146 ⁽⁶⁾	27,684 ⁽⁵⁾	2016	2,101,758 ⁽⁶⁾	30,979 ⁽⁵⁾

- (1) The Calendar Year 2007-2009 population estimates were provided by the City Planning and Development Department using interpolation between the censuses.
- (2) The 2010 Calendar Year population numbers are from the 2010 Census.
- (3) Fiscal Year 2007-2014 American Community Survey.
- (4) Census Bureau's 2011 to 2015 Population Estimates Program.
- (5) For 2015 and 2016 the estimates are based upon averaging two figures: (1) the 2014 American Community Survey adjusted for CPI change from 2014 to 2015 and (2) City Planning and Development Department extrapolation of the change from 2013 to 2014.
- (6) The Calendar Year 2016 estimates were provided by the City Planning and Development Department using extrapolation of the change from 2010 to 2015.
- (7) Franklin County is now included in the KS Metro area and is no longer considered part of the KC Metro area. The loss of the county is reflected in the population data.
- (8) The 2013-2016 MSA per capita numbers provided were based upon the 14 county MSA and the 2007-2012 MSA per capita numbers provided were based upon the 15 county MSA.

Sources: U.S Census Bureau; City Planning and Development Department; Consumer Price Index and Census Bureau’s annual American Community Survey and their Population Estimates Program.

COMPARISON OF METROPOLITAN AREAS

	ACCRA Cost of Living Index 2016 2nd Quarter ⁽¹⁾	Median Price, Existing Homes 2016 2nd Quarter ⁽²⁾	Retail Sales (2016)⁽³⁾
Kansas City	92.3	\$188,600	\$39,725
U.S.	100.0	\$240,700	\$38,218
Atlanta	98.0	\$192,000	\$37,701
Charlotte	94.7	\$218,100	\$37,161
Chicago	119.0	\$246,400	\$39,275
Columbus	89.3	\$181,700	\$44,063
Dallas	98.5	\$232,200	\$43,748
Denver	108.7	\$394,400	\$37,657
Los Angeles	140.1	\$480,000	\$42,966
Memphis	82.2	\$160,800	\$53,265
Minneapolis	105.6	\$242,400	\$41,375
New York	226.0	\$395,400	\$41,155
Phoenix	95.9	\$234,700	\$40,081
Saint Louis	89.9	\$170,300	\$42,587
Salt Lake City	NA	\$276,900	\$50,236
San Francisco	174.7	\$885,600	\$43,799

Sources:

All information in the above table was obtained from the Kansas City Area Development Council (KCADC). For comparability to other City MSA's, Kansas City information is based on fourteen (14) county areas. Reference is further made by KCADC to the following sources:

- (1) The Council for Community and Economic Research, ACCRA.
- (2) National Association of Realtors.
- (3) Woods & Poole Economics.

THE KANSAS CITY ECONOMY

The City is a regional center for transportation, telecommunications, manufacturing, health care, trade, financial services, and government. Major companies headquartered in metropolitan Kansas City, Missouri include Cerner Corp, HCA-Midwest Health Systems, St. Luke's Health System, Sprint Nextel Corporation and Hallmark Cards, Inc. Other major employers include the Public School Systems, State/County/City Government, Federal Government, The University of Kansas Hospital and Children's Mercy Hospitals.

The City's economy provides for a consistent and well distributed earnings and employment environment for its business sectors.

The City's proximity and ready access to geographical and population centers throughout the nation make the area an attractive location for industrial product distribution and trade. The City's central location is advantageous for commuting to all parts of the United States and has enhanced its development and posture as a major transportation center with a complete range of transportation facilities, including a major highway network, railroad trunk lines, and the Kansas City International Airport (KCI). KCI handled 10.7 million passengers in fiscal year 2016. As of April 30, 2016, there were 9 passenger marketing airlines and 13 passenger operating carriers serving 45 cities with nonstop service. From May 2016 through June 2016, KCI handled 2.0 million passengers. As of June 30, 2016, there were 9 passenger marketing airlines and 14 passenger operating carriers serving 41 cities with nonstop service. Flight times from KCI are about three hours to either coastline.

MAJOR KANSAS CITY METROPOLITAN STATISTICAL AREA EMPLOYERS
Kansas City Metropolitan Area
Principal Employers ⁽³⁾

Employer	Type of Business	Number of Employees
Public School System ⁽¹⁾	Education	28,984
State/County/City Government ⁽²⁾	Government	26,082
Federal Government	Government	18,621
Cerner Corp	Health Care Information Technology	11,823
HCA Midwest Health Systems	Health Care Provider	9,310
Saint Luke's Health System	Health Care Provider	7,769
The University of Kansas Hospital	Acute-Care Hospital	6,807
Children's Mercy Hospitals & Clinic	Health Care Provider	6,696
Sprint Corp.	Wireless Telecommunication	6,000
Garmin International, Inc.	Communication and Navigation Products	3,766
DST Systems	Information Processing & Software Products	3,631
General Motors Fairfax Assembly Plant	Automotive Assembly	3,500
Black & Veatch	Global Engineering Consulting and Construction Company	3,249
The University of Kansas Medical Center	Medical, Nursing, and Health Professional Education; Biomedical Research	3,184
Truman Medical Centers	Health Care Provider	3,126
University of Missouri-Kansas City	Four-year Public University	3,093
Research Medical Center	Health Care Provider	2,876
North Kansas City Hospital	Health Care Provider	2,782

(1) The number of local employees for the public school systems is made up of twelve (12) public school systems and school districts.

(2) The number of local employees for the State/County/City Government is made up of seven (7) employers.

(3) The information presented in this table speaks only as of the date indicated in the source.

Source: Top Public-Sector Employers, Kansas City Business Journal, July 22, 2016 and Top 100 Area Private Sector Employers, Kansas City Business Journal, July 29, 2016. The data compiled is self-reported.

Note: Ford Motor Company and the Kansas City Public School District are not listed because they chose not to participate in the survey.

EMPLOYMENT INFORMATION

The following table shows the annual average non-farm employment for the metropolitan area for 2011 to 2015.

ANNUAL AVERAGE NON-FARM EMPLOYMENT METROPOLITAN AREA⁽¹⁾

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Manufacturing	69,600	69,000	68,900	71,700	74,200
Trade, Transport & Utilities	193,400	195,300	196,900	201,900	206,300
Information	24,600	24,700	24,400	22,700	20,400
Finance	71,500	73,800	73,800	73,500	75,200
Professional & Business Services	158,500	165,800	171,200	177,000	182,900
Educational & Health Services	132,600	134,800	137,500	142,000	146,500
Leisure & Hospitality	93,800	97,100	98,800	101,500	103,400
Government	148,300	147,000	145,600	144,900	146,400
Mining, Logging & Construction	37,300	38,700	41,100	43,200	45,500
Other Services	44,100	43,300	42,000	41,200	41,200
Total Non-farm	973,700	989,500	1,000,200	1,019,600	1,042,000

(1) Restated from last year's report.

Sources: U.S. Department of Labor, Bureau of Labor Statistics.

The following table depicts average annual unemployment rates for the last ten calendar years.

AVERAGE ANNUAL UNEMPLOYMENT RATES

<u>Year</u>	<u>Kansas City</u>	<u>MSA</u>	<u>United States</u>
2007	6.5	5.1	4.6
2008	7.7	5.9	5.8
2009	9.8	8.7	9.3
2010	10.0	8.7	9.6
2011	8.9	7.8	8.9 ⁽¹⁾
2012	7.3	6.5	8.1
2013	7.3	6.3	7.4
2014	6.7	5.6	6.2
2015	5.5 ⁽¹⁾	4.8 ⁽¹⁾	5.3
2016	4.9 ⁽²⁾	4.3 ⁽²⁾	4.9 ⁽²⁾

⁽¹⁾ Restated

⁽²⁾ Average of January thru November 2016

Source: U.S. Department of Labor, Bureau of Labor Statistics.

The following table shows the valuation of building construction for the last ten fiscal years:

Property Valuation
BUILDING CONSTRUCTION VALUATION
(Amounts Expressed in Thousands)

Fiscal Year	Commercial Valuation	Residential Valuation	Total
2007	749,898	345,252	1,095,150
2008	900,097	354,808	1,254,905
2009	710,284	240,803	951,087
2010	398,961	158,783	557,744
2011	467,065	125,639	592,704
2012	582,122	160,203	742,325
2013	648,705	145,492	794,197
2014	537,642	168,295	705,937
2015	728,658	469,350	1,198,008
2016	896,485	641,186	1,537,671

Sources: Development Services Division, City Planning and Development Department, City of Kansas City, Missouri.

The following table shows the locally assessed value of both real and personal taxable property for the last ten fiscal years:

ASSESSED VALUE OF TAXABLE PROPERTY
(Amounts Expressed in Thousands)

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Value
2007	5,051,611	1,438,517	6,490,128
2008	5,535,951	1,555,199	7,091,150
2009	5,600,250	1,578,677	7,178,927
2010	5,372,466	1,507,749	6,880,215
2011	5,412,663	1,464,297	6,876,960
2012	5,352,712 ⁽¹⁾	1,488,480	6,841,192
2013	5,341,906 ⁽¹⁾	1,465,705	6,807,611
2014	5,320,033 ⁽¹⁾	1,486,460	6,806,493
2015	5,355,304	1,527,037	6,882,341
2016	5,577,639	1,621,792	7,199,431

(1) Restated from last year's report

Sources: Original data obtained from aggregate assessed valuation reports provided by each county clerk and on file with the State of Missouri and the Statistical Data Section of the City of Kansas City, Missouri Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2016.

BUDGETING, ACCOUNTING AND AUDITING PROCEDURES

Budget Process

The City Charter requires that the City Council adopt an annual budget for the City's May 1 through April 30 fiscal year. In fulfilling this requirement, the City's year-round budget and planning process consists of five phases:

Five Year financial plan. The City Charter requires that the Mayor and Council adopt a five-year financial plan by November 1 of each year. Adoption of the annual budget will include consideration of the five-year financial plan and priorities established by the Council by ordinance.

Budget Development. The five year financial plan now drives the budget process, ensuring that the priorities established by the Council receive the attention, funding, and systems that make their achievement possible. The Finance Department issues budget instructions to city departments, boards, and commissions to be used in estimating revenues and requesting the appropriations necessary to fulfill their needs in the next fiscal year. Departments prepare their budget requests based on estimates of work to be performed and associated cost. The amounts requested must be justified in terms of the results to be achieved.

Budget Review. The Finance Department performs technical and policy reviews of departmental budget requests and forwards recommendations to the City Manager. The Director of Finance and the City Manager confer with departmental staff to formulate a balanced budget.

Budget Consideration and Adoption. The City Manager transmits the budget request to the Mayor and the City Council not later than the second regular meeting in February. The City Council conducts a review of the budget, including hearings with the City Manager and department officers. Upon completion of its review of the budget the City Council holds at least one public hearing and, in any case not later than the first regular meeting in March, places on file in the office of the City Clerk the annual budget ordinance and holds hearings with the public. At the fourth regular meeting in March, the City Council adopts the annual budget ordinance with or without alteration or amendment.

Administration of the Budget. After the budget has been adopted by the City Council, the approved appropriations and revenues are entered into the City's financial accounting system. The Finance Department reports to the City Council not later than twenty days after the close of each month, a financial report on the financial condition of the City as of the last day of each month. The Finance Department performs a quarterly budget analysis of revenues and appropriations, makes new estimates, and recommends necessary budget adjustments to ensure the City's budget remains in balance. Strict budgetary compliance is maintained through the checks and balances of administrative regulations, Finance Department Manuals of Instruction, and an automated accounting system.

Accounting Procedures and Annual Audit

Under the requirements of Governmental Accounting Standards Board Statement No. 34 (GASB 34) – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, a dual reporting perspective is required for financial statement presentation. This dual perspective includes both a fund basis perspective and an entity wide perspective. Fiscal year 2002-03 was the first year of implementation of GASB 34 for the City.

Under the fund basis perspective, the City reports on a modified accrual basis of accounting for the various Governmental fund types and the accrual basis of accounting is utilized by the Proprietary and Fiduciary fund types. Under the entity wide perspective, the accrual basis of accounting is utilized.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and that financial statements present fairly the results of operations of the various funds of the City. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The Charter requires an annual audit of the City's financial statements by an independent certified public accountant. In addition to meeting the requirements set forth in the Charter, the City has obtained an audit in accordance with the provisions of the Office of Management and Budget Circular A-133.

INFORMATION ON GOVERNMENTAL FUNDS

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Five Fiscal years in thousands)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:					
Taxes	543,326	570,305	596,715	647,423	668,756
Licenses, permits, and franchises	137,754	134,646	139,441	142,381	141,291
Fines and forfeitures	15,809	13,678	15,158	19,586	16,199
Rents and concessions	19,230	15,006	14,734	15,586	16,088
Investment earnings	(2,085)	4,119	827	2,951	1,903
Charges for services	80,377	78,453	88,320	88,231	89,221
Intergovernmental	105,080	95,321	91,168	73,965	89,522
Special assessments	7,231	6,978	9,888	10,549	10,129
Contributions	27,313	23,891	11,155	7,959	7,770
Other revenues	21,508	17,447	16,431	19,094	14,561
Total revenues	955,543	959,844	983,837	1,027,725	1,055,440
Expenditures:					
General government	114,800	122,827	115,493	114,117	124,103
Fire	128,851	142,029	141,345	152,202	152,949
Public works	85,871	100,787	117,007	93,450	89,198
Codes administration	—	—	—	—	—
Neighborhood development	65,070	58,519	52,706	52,407	53,486
Health	52,778	53,097	53,067	52,913	53,286
Culture and recreation	38,582	38,933	44,113	45,470	45,128
Convention facilities	30,478	29,628	30,285	30,013	31,423
Pollution control	—	—	—	—	—
Economic development	2,486	—	8,001	11,684	12,212
Police	192,747	205,089	211,196	214,923	218,604
Intergovernmental	44,746	46,158	47,807	46,610	56,386
Capital Improvement Expenditures	221,417	100,399	131,578	135,453	165,446
Debt service:					
Principal retirement	72,544	80,777	75,354	77,626	82,029
Interest	62,522	65,047	63,258	65,042	61,696
Fiscal agent fees	2,249	1,923	1,674	1,352	1,828
Bond issuance costs	3,640	—	1,489	160	1,714
Swap settlement payment	5,306	—	—	—	—
Payment to refunding bond escrow agent	—	—	6,200	501	—
Total expenditures	1,124,087	1,045,213	1,100,573	1,093,923	1,149,488
Excess of revenues over (under) expenditures	(168,544)	(85,369)	(116,736)	(66,198)	(94,048)
Other financing sources (uses):					
Issuance of debt	191,873	2,282	115,934	19,334	150,854
Issuance of refunding debt	285,639	—	65,485	13,295	276,055
Premium on bond issue	10,512	—	6,705	—	8,814
Discount on bond issue	—	—	(94)	—	(67)
Premium/discount on bond issue	—	—	—	—	—
Payment to refund bond escrow agent	(304,776)	—	(67,621)	(13,295)	(312,627)
Premium on refunding bond issue	19,359	—	3,090	—	38,902
Discount on refunding bond issue	—	—	(541)	—	(358)
Fund removal of variable rate demand bonds	—	—	25,520	6,090	—
Fund recognition of variable rate demand bonds	—	(25,520)	(6,090)	—	—
Proceeds of capital leases	—	—	—	—	—
Transfers in	160,387	153,502	159,363	156,017	172,288
Transfers out	(160,387)	(153,502)	(159,363)	(156,017)	(172,288)
Intergovernmental transfers	—	—	—	—	—
Total other financing sources (uses)	202,607	(23,238)	142,388	25,424	161,573
Restatement of beginning fund balance	—	—	—	—	—
Net change in fund balance	34,063	(108,607)	25,652	(40,774)	67,525
Debt service expenditures (principal and interest only)	135,066	145,824	138,612	142,668	143,725
Capital Improvement Expenditures	221,417	100,399	131,578	135,453	165,446
Net operating expenditures	902,670	944,814	968,995	958,470	984,042
Debt Service as a percentage of net operating expenditures:	15.0%	15.4%	14.3%	14.9%	14.6%

Source: Statistical Data Section of the City of Kansas City, Missouri Comprehensive Annual Report Fiscal Year 2016.

Sources of revenue for the City's governmental funds are widely diversified as shown in the following table:

GOVERNMENTAL FUND REVENUES
(Amount Expressed in Thousands)

	<u>2015</u>	<u>2016</u>	<u>Increase or (Decrease)</u>	<u>Percentage Increase or (Decrease)</u>
Revenues:				
Taxes	647,423	668,756	21,333	3.30%
Licenses, permits, and franchises	142,381	141,291	(1,090)	(0.77)%
Fines and forfeitures	19,586	16,199	(3,387)	(17.29)%
Rents and concessions	15,586	16,088	502	3.22%
Investment earnings	2,951	1,903	(1,048)	(35.51)%
Charges for services	88,231	89,221	990	1.12%
Intergovernmental	73,965	89,522	15,557	21.03%
Special assessments	10,549	10,129	(420)	(3.98)%
Contributions	7,959	7,770	(189)	(2.37)%
Other revenues	<u>19,094</u>	<u>14,561</u>	<u>(4,533)</u>	<u>(23.74)%</u>
Total revenues	1,027,725	1,055,440	27,715	2.70%

Revenues for the City's governmental funds during fiscal year 2016 totaled \$1.055 billion, an increase of 2.70% over fiscal year 2015.

Source: Statistical Data Section of the City of Kansas City, Missouri, Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2016.

The City's governmental funds are used to account for expenditures of traditional government services as shown in following table:

GOVERNMENTAL FUND EXPENDITURES
(Amount Expressed in Thousands)

	2015	2016	Increase or (Decrease)	Percentage of Increase or (Decrease)
Expenditures:				
General government	114,117	124,103	9,986	8.75%
Fire	152,202	152,949	747	0.49%
Public works	93,450	89,198	(4,252)	(4.55)%
Neighborhood development	52,407	53,486	1,079	2.06%
Health	52,913	53,286	373	0.70%
Culture and recreation	45,470	45,128	(342)	(0.75)%
Convention facilities	30,013	31,423	1,410	4.70%
Economic Development	11,684	12,212	528	4.52%
Police	214,923	218,604	3,681	1.71%
Intergovernmental	46,610	56,386	9,776	20.97%
Capital Improvement Expenditures	135,453	165,446	29,993	22.14%
Debt service:				
Principal retirement	77,626	82,029	4,403	5.67%
Interest	65,042	61,696	(3,346)	(5.14)%
Fiscal agent fees	1,352	1,828	476	35.21%
Bond issuance costs	160	1,714	1,554	971.25%
Payment to refunding bond escrow agent	501	—	(501)	(100.00)%
Total expenditures	1,093,923	1,149,488	55,565	5.08%

Expenditures for the City's governmental funds during fiscal year 2016 totaled \$1.149 billion, an increase of 5.08% over fiscal year 2015.

Source: Statistical Data Section of the City of Kansas City, Missouri, Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2016.

The fund balances of the General Fund and other selected operating funds for the last five years are shown in the following table:

FUND BALANCES					
Governmental Funds					
<i>Budget Basis ⁽¹⁾</i>					
<i>(Amount Expressed in Thousands)</i>					
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund	\$41,205 ⁽²⁾	\$43,432 ⁽⁴⁾	\$41,418 ⁽⁵⁾	\$55,885 ⁽⁶⁾	\$57,778 ⁽⁷⁾
General Fund Expenditures & Transfers Out (actual)	\$453,686	\$469,532	\$478,271	\$483,189	\$529,197
Fund Balance as a Percent Of Expenditures & Transfers	9.08%	9.25%	8.66%	11.57%	10.92%
<u>Other Operating Funds</u>					
Park Funds ⁽³⁾	\$15,011	\$12,141	\$13,328	\$17,738	\$20,884
Motor Fuel Tax	----	----	1,122	4,016	6,190
Public Mass Transit ⁽⁸⁾	5,015	4,085	1,790	7,313	2,202
Convention and Tourism	6,930	4,487	4,228	5,954	5,638
Capital Improvements	72,826	59,794	41,777	45,947	39,679
Other	22,775	11,252	24,773	35,164	44,676
General Debt & Interest	1,000	1,000	500	500	500
Total General & Other Selected Operating Funds	\$164,762	\$136,191	\$128,936	\$172,517	\$177,547

- (1) The City budgets on a cash basis.
- (2) The general fund balance was adjusted to \$39.1 million on May 1, 2012 or 8.62% of General Fund expenditures and transfers out. This was the result of an ending balance of \$41.2 million less \$7.7 million of re-appropriations of unspent appropriations plus \$5.6 million of re-estimation of uncollected revenue.
- (3) Several Parks Funds, which were classified under "Other" in previous reports, were moved from the "Other" category to the "Parks Funds" category.
- (4) The general fund balance was adjusted to \$40.5 million on May 1, 2013 or 8.63% of General Fund expenditures and transfers out. This was the result of an ending balance of \$43.4 million less \$4.5 million of re-appropriations of unspent appropriations plus \$1.6 million of re-estimation of uncollected revenue.
- (5) The general fund balance was adjusted to \$40.5 million on May 1, 2014 or 8.47% of General Fund expenditures and transfers out. This was the result of an ending balance of \$41.4 million less \$3.2 million of re-appropriations of unspent appropriations plus \$2.3 million of re-estimation of uncollected revenue.
- (6) The general fund balance was adjusted to \$54.6 million on May 1, 2015 or 11.30% of General Fund expenditures and transfers out. This was the result of an ending balance of \$55.9 million less \$1.9 million of re-appropriations of unspent appropriations plus \$0.6 million of re-estimation of uncollected revenue.
- (7) The general fund balance was adjusted to \$55.9 million on May 1, 2016 or 10.56% of General Fund expenditures and transfers out. This was the result of an ending balance of \$57.8 million less \$1.9 million of re-appropriations of unspent appropriations plus \$7 thousand of re-estimation of uncollected revenue.
- (8) Fund name changed in FY 2013 to Street Maintenance Fund from Public Mass Transit Fund.

Source: Required supplementary information and combining individual funds statements and schedules of the City of Kansas City, Missouri Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2016.

PROPERTY TAX VALUATIONS AND REVENUES

Assessment Procedure

All taxable real and personal property within the City is assessed annually by the County Assessors. Missouri Law requires that property be assessed at the following percentages of true value:

Personal property.....	33-1/3%
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 state legislature adopted a maintenance law in 1986 requiring biennial reassessment of real property. Beginning January 1, 1987, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within the county in accordance with the biennial assessment and equalization maintenance plan approved by the State Tax Commission.

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.

Every person owning or holding real property or tangible personal property on January 1 of any calendar year shall be liable for taxes. Certain properties, such as those used for charitable, educational and religious purposes are excluded from both the real estate ad valorem tax and personal property tax.

History of Property Valuations

The following table shows the total assessed valuation, by category, of all taxable, tangible property located in the City according to the assessment on January 1, 2015 (fiscal year 2016):

Real Property	\$5,577,638,847
Individual and Business Personal Property	1,494,169,038
Railroad and Utility Property-Personal	<u>127,622,650</u>
TOTAL	\$7,199,430,535

The total assessed valuation and estimated true valuation of all taxable, tangible property located in the City, according to the assessments on January 1 for the last ten years are shown in the following table:

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
(Amount Expressed in Thousands)

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate⁽¹⁾	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2007	5,051,611	1,438,517	6,490,128	1.51	27,290,484	23.78%
2008	5,535,951	1,555,199	7,091,150	1.46	29,826,561	23.77%
2009	5,600,250	1,578,677	7,178,927	1.47	30,299,672	23.69%
2010	5,372,466	1,507,749	6,880,215	1.47	29,018,324	23.71%
2011	5,412,663	1,464,297	6,876,960	1.53	29,093,406	23.64%
2012	5,352,712 ⁽²⁾	1,488,480	6,841,192 ⁽²⁾	1.55	28,923,054 ⁽²⁾	23.65% ⁽²⁾
2013	5,341,906 ⁽²⁾	1,465,705	6,807,611 ⁽²⁾	1.59	28,814,637 ⁽²⁾	23.63% ⁽²⁾
2014	5,320,033 ⁽²⁾	1,486,460	6,806,493 ⁽²⁾	1.59	28,680,718 ⁽²⁾	23.73% ⁽²⁾
2015	5,355,304	1,527,037	6,882,341	1.60	28,971,795	23.76%
2016	5,577,639	1,621,792	7,199,431	1.58	30,278,212	23.78%

- (1) Per \$100 of assessed valuation.
- (2) Restated

Source: Original data was obtained from aggregate assessed valuation reports provided by each county clerk and on file with the State of Missouri and the Statistical Data Section of the City of Kansas City, Missouri Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2016.

Property Tax Levies and Collections

Tax Collection Procedure. The City is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the City's general obligation debt for the ensuing budget year.

City real estate taxes are collected by each County Collector of Revenues, who then disburse such revenue to the City Treasurer. Real estate and personal property taxes are due and payable to the Counties and State on November 1 and become delinquent after December 31 of the year in which they are levied.

Tax Rates. The following table shows the City's tax levies over the past ten years:

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Fiscal Year	City Direct Rates					Overlapping Rates		
	General	Health	Debt & Interest	Museum	Total Direct Tax Rate ⁽¹⁾⁽²⁾	Jackson County	Clay County	Platte County
2007	0.6519	0.6946	0.1400	0.0190	1.5055	7.9101	8.0144	7.0947
2008	0.6320	0.6728	0.1400	0.0184	1.4632	7.8368	8.2323	6.8183
2009	0.6342	0.6751	0.1400	0.0185	1.4678	7.8748	8.2383	6.8198
2010	0.6342	0.6751	0.1400	0.0185	1.4678	7.9131	8.2496	6.8723
2011	0.6663	0.7046	0.1400	0.0185	1.5294	7.9818	8.3175	7.3449
2012	0.6786	0.7135	0.1400	0.0188	1.5509	7.9908	8.3396	7.3571
2013	0.7079	0.7200	0.1400	0.0196	1.5875	8.0288	8.3776	7.3951
2014	0.7134	0.7200	0.1400	0.0198	1.5932	8.0365 ⁽³⁾	8.3824 ⁽³⁾	7.4729 ⁽³⁾
2015	0.7197	0.7200	0.1400	0.0200	1.5997	8.0288 ⁽³⁾	9.0232 ⁽³⁾	7.5299 ⁽³⁾
2016	0.7103	0.7106	0.1400	0.0197	1.5806	7.9873	8.9026	7.9473

(1) In addition to this total, there are special levies on assessed value of land exclusive of improvements of \$0.50 per \$100 for park maintenance and \$0.25 per \$100 for trafficway maintenance and a boulevard tax of \$1.00 per front foot. These special levies apply to Fiscal Years 2007-2012. Effective January 1, 2013 these special levies were replaced by a park sales tax of ½ cent.

(2) Per \$100 of assessed valuation.

(3) Restated

Sources: Revenue Division, Finance Department, City of Kansas City, Missouri.

The tax rate for municipal operating purposes cannot exceed \$1.00 per \$100 assessed valuation; in fiscal year 2016, the City levied 71.03 cents of this limit. The City levies an annual tax for the purpose of operating hospitals and public health facilities. In 2016, the City levied 50 cents per \$100 assessed valuation, plus an additional 21.06 cents per \$100 assessed valuation for a temporary nine (9) year health levy approved by the voters on April 2, 2013. For museum purposes in fiscal year 2016, the City levied 1.97 cents of the statutory maximum 10 cents per \$100 assessed valuation. There is no legal limitation on the tax rate for the payment of principal and interest on general obligation debt. In fiscal year 2016, the City levied 14 cents per \$100 assessed valuation.

A Missouri constitutional amendment limiting taxation and government spending, limits the rate of growth of the total amount of taxes which may be imposed in any fiscal year. The limit may not be exceeded without a majority vote. Provisions are included in the amendment for rolling back levy rates to produce an amount of revenue equal to that of the previous year plus allowable growth due to inflation. The assessed valuations of new construction, new personal property, and newly annexed areas are exempt from this limitation.

Tax Collection Record. The following table sets forth tax collection information for the last ten fiscal years:

City of Kansas City, Missouri
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage
2007	96,838,391	92,173,452	95.18	4,664,938	96,838,390	100.00
2008	105,763,238	99,263,296	93.85	6,385,266 ⁽³⁾	105,648,562 ⁽³⁾	99.89 ⁽³⁾
2009	105,546,449	97,077,970	91.98	8,468,479	105,546,449	100.00
2010	99,987,436	95,397,312	95.41	4,590,123	99,987,435	100.00
2011	105,234,537	96,394,935	91.60	7,585,649 ⁽³⁾	103,980,584 ⁽³⁾	98.81 ⁽³⁾
2012	105,208,148	99,284,461	94.37	5,923,688 ⁽²⁾	105,208,149 ⁽²⁾	100.00 ⁽²⁾
2013	108,182,593	102,091,241	94.37	5,955,292 ⁽³⁾	108,046,533 ⁽³⁾	99.87 ⁽³⁾
2014	109,208,635	102,295,652	93.67	5,236,332 ⁽³⁾	107,531,984 ⁽³⁾	98.46 ⁽³⁾
2015	109,799,591	104,046,643	94.76	3,527,521	107,574,164	97.97
2016	113,653,073	107,818,348	94.87	(see footnote 1)	107,818,348	94.87

(1) Fiscal Year 2016 tax collections made in Fiscal Year 2017 will be reflected in Fiscal Year 2016 of next year's report.

(2) Restated from Fiscal Year 2014 Report.

(3) Restated from Fiscal Year 2015 Report

Sources: The Revenue Division, Finance Department and the Statistical Data Section of the City of Kansas City, Missouri Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2016.

Principal taxpayers for the current fiscal year 2016 and ten years prior are shown in the following table:

	Fiscal year 2016		Fiscal year 2007
Business services	\$ 4,964	Government	\$ 3,771
Healthcare	4,368	Retail	2,574
Government	4,277	Government	2,176
Engineering	3,899	Information technology	2,110
Government	2,272	Healthcare	1,942
Commercial printing	2,172	Education	1,728
Aircraft manufacturing/ engineering	2,027	Information technology	1,595
Entertainment	1,955	Manufacturing	1,577
Banking	1,913	Healthcare	1,492
Healthcare	1,795	Financial services	1,443
Total top ten companies by industry classification	\$ <u>29,642</u>		\$ <u>20,408</u>
Total withholding tax	\$ 182,780		\$ 150,888
Percentage of top ten companies to total withholding tax	16.22%		13.53%

Taxpayer confidentiality prevents the disclosure of amounts by company name.

Sources: Division of Accounts, Revenue Division and Treasury Division, Finance Department and the Statistical Data Section of the City of Kansas City, Missouri Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2016.

CASH MANAGEMENT, RISK MANAGEMENT, AND PENSION PLANS

Cash Management

The goal of the City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The City maintains pooled and restricted investments in accordance with state law, the City Charter, the Code of Ordinances and the City's Investment Policy.

The investment portfolio, at book value, excluding pensions and trusts, totaled \$1,109,005,146 on April 30, 2016, and was distributed in the following instruments:

Collateralized Money Market Account	\$ 10,003,268
Certificates of Deposit	5,000,000
U.S. Treasury Obligations	235,327,558
U.S. Agencies	<u>858,674,320</u>
Total	\$1,109,005,146

The weighted average yield on these investments as of April 30, 2016 was 1.08 percent. Total earnings from investments were \$7,329,108, a 7.57 percent increase from the prior Fiscal Year 2015.

Source: Treasury Division, Finance Department, City of Kansas City, Missouri.

Risk Management (Property and Liability Coverage)

The City maintains all risk property insurance for property damage claims related to City buildings and contents, including Aviation Department property. The City also provides insurance for employee fraud, public official and notary bonding, a tenant and user policy for special events, excess general liability insurance, and excess workers' compensation claims.

The City purchases commercial property insurance for buildings, together with their contents with a limit of \$750,000,000 and \$175,000,000 on boilers and machinery. The City pays an annual premium and assumes a \$150,000 deductible. The policy is renewable annually.

The City is afforded governmental tort immunity pursuant to Section 537.600, RSMo. However, this state statute specifically waives the City's immunity for damages resulting from its negligence arising out of the operation of a motor vehicle and damages caused by the dangerous condition of its property. The City's liability for these damages cannot exceed the maximum amounts established in Section 537.610, RSMo, which are \$410,185 per person and \$2,734,567 per occurrence.

Therefore, the City has adopted a risk management program with regard to third party claims for damage and loss. This program would apply to any third party claims for damage or loss based on the negligence of the City or of its employees, officers and agents. The City has a retained risk fund to satisfy claims. Any third party loss exceeding the fund assets would be paid by appropriation passed by the City Council.

EMPLOYEE RETIREMENT AND PENSION PLANS

Employee Retirement and Firefighters' Pension Plans and the Police & Civilian Employees' Retirement System

The City has two contributory defined benefit pension plans, the Employees' Retirement System and the Firefighters' Pension System (the "City Pension Plans"), covering substantially all employees. Contributions to the City Pension Plans are made by the City and covered employees. The contributions are calculated to fund normal cost and amortization of unfunded prior service costs. The City receives annual actuarial reports on the present value of accumulated plan benefits and net assets available for benefits.

Two contributory defined benefit pension plans ("Police Pension Plans") have been established by the Missouri General Assembly for the employees of the Kansas City, Missouri Police Department: the Police Retirement System of Kansas City, Missouri and the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri. The participating employees and the City of Kansas City, Missouri make contributions to the Police Pension Plans. The Board of Trustees contracts for annual actuarial valuations to determine the present value of accumulated plan benefits and net assets available for benefits. The contribution rates are calculated to fund normal costs and to amortize the unfunded actuarial accrued liability.

The four retirement plans adopted the provisions of Governmental Accounting Standards Board Statement No. 67 - *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* (GASB Statement No. 67) for their stand-alone financial reports for the fiscal year ended April 30, 2015. The City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB Statement No. 68) for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended April 30, 2016. Extensive financial information about and detailed descriptions of the City Pension Plans and Police Pension Plans, references to financial reports relating to the plans, and information regarding the adoption of GASB Statement No. 68 by the City may be found in footnote 10 and the required supplementary information section (RSI) of the CAFR for the fiscal year ended April 30, 2016.

The City implemented plan design changes to the City Pension Plans and the Police Pension Plans during Fiscal Year 2014. Prior to Fiscal Year 2014, the City's pension funding policy was to contribute based on a level percentage of payroll. As a result, in some years, the Pension Plans received more than the Annual Required Contribution (ARC) and in other years, the Pension Plans received less than the full amount of the ARC. Plan design changes for the Police Pension Plans were approved by the Missouri General Assembly and the Governor in August 2013 and were implemented on September 1, 2013. Plan design changes for the City Pension Plans were approved by affected labor unions and were approved by the City Council on February 20, 2014. The plan design changes for all four pension plans include a requirement that the City fully fund the ARC (changed in Fiscal Year 2015 to Actuarially Determined Contribution ("ADC")). Other changes include a Tier 2 benefit plan for new employees and increased contributions from all employees. Since the City's pension reform measures were implemented late in Fiscal Year 2014, the full amount of the ARC was contributed to the Police Pension Plans beginning September 1, 2013, and to the City Pension Plans beginning with Fiscal Year 2015. State statutes and City ordinances now require the full funding of the ADC on all four plans. For Fiscal Years 2015 and 2016, the full amount of ADC was contributed to all four plans. For Fiscal Year 2017, it is expected that the full amount of the ADC will be contributed to all four plans.

The following historical tables provide information regarding the above-referenced pension plans. The last table presented, the Historical Funding Progress-Actuarial Value table, is provided to reflect the basis for the ADC of each of the four retirement plans.

Historical Valuation Calculation Based on GASB 67

Pension Systems						
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
	<i>(in thousands)</i>					
Valuation Date	Plan Fiduciary Net Position	Total Pension Liability	Net Pension Liability	Ratio of Plan Fiduciary Net Position to Total Pension Liability	Covered Payroll ⁽³⁾	Employers' Net Pension Liability as a Percentage of Covered Payroll
Employees' Retirement System						
4/30/2015	1,085,133	1,191,821	106,688	91 %	167,629	64 %
4/30/2016	1,023,610	1,268,591	244,981	81 %	166,853	147 %
Firefighters' Pension System						
4/30/2015	483,018	604,987	121,970	80 %	59,410	205 %
4/30/2016	462,024	625,656	163,632	74 %	59,294	276 %
Police Retirement System						
4/30/2015	793,880	1,125,374	331,494	71 %	91,750	361 %
4/30/2016	772,791	1,202,620	429,829	64 %	91,952	467 %
Civilian Employees' Retirement System						
4/30/2015	123,941	169,733	45,792	73 %	26,461	173 %
4/30/2016	122,135	180,214	58,079	68 %	25,748	226 %

Sources:

- 1) City of Kansas City, Missouri Employees' Retirement System GASB 67 and 68 Report as of April 30, 2016 prepared by Cheiron
- 2) City of Kansas City, Missouri Firefighters' Pension System GASB 67 and 68 Report as of April 30, 2016 prepared by Cheiron
- 3) The Police Retirement System of Kansas City, Missouri GASB No. 67 Report as of April 30, 2016 prepared by Cavanaugh Macdonald Consulting, LLC
- 4) The Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri GASB No. 67 Report as of April 30, 2016 prepared by Cavanaugh Macdonald Consulting, LLC

Note::

- 1) GASB 67 historical valuation started in Fiscal Year 2015.
- 2) The City's net pension liability as of April 30, 2016, for financial reporting purposes, was measured as of April 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation prepared as of April 30, 2014, rolled forward one year using standard actuarial techniques for the Civilian Employees Retirement System, rolled forward one year for the Police Retirement System and updated to April 30, 2015 for the Employees Retirement and Firefighters' Pension Systems. Values attributed to April 30, 2016 in this table are stated for informational purposes only.
- 3) Amounts reported as Covered Payroll are based upon pensionable payroll. April 30, 2015 Valuation Date amounts have been restated.

**Annual Employer Contribution Status
Pension Systems**

Fiscal Year Ended	(a)	(b)	(a-b)	Amount Unfunded as a % of Total Primary Govt. Expenses	Amount of Actual Employer Contribution as % of Total Primary Govt. Expenses
	Actuarially Determined Contributions	Actual Employer Contribution	Amount Unfunded / (Overfunded)		
Employees' Retirement System					
4/30/2007	17,653	18,496	(843)	-0.07%	1.45%
4/30/2008	15,624	20,012	(4,388)	-0.35%	1.58%
4/30/2009	19,365	20,330	(965)	-0.07%	1.57%
4/30/2010	29,589	19,186	10,403	0.82%	1.52%
4/30/2011	27,772	18,823	8,949	0.71%	1.49%
4/30/2012	26,327	20,543	5,784	0.45%	1.58%
4/30/2013	27,683	23,744	3,939	0.28%	1.72%
4/30/2014	27,568	25,988	1,580	0.11%	1.88%
4/30/2015	27,568	27,569	(1)	0.00%	1.98%
4/30/2016	24,541	24,578	(37)	0.00%	1.66%
Firefighters' Pension System					
4/30/2007	9,419	9,467	(48)	0.00%	0.74%
4/30/2008	8,735	9,938	(1,203)	-0.10%	0.79%
4/30/2009	9,476	10,320	(844)	-0.07%	0.80%
4/30/2010	17,124	10,465	6,659	0.53%	0.83%
4/30/2011	12,828	10,298	2,530	0.20%	0.82%
4/30/2012	14,046	11,604	2,442	0.19%	0.89%
4/30/2013	15,400	13,120	2,280	0.16%	0.95%
4/30/2014	16,182	11,796	4,386	0.32%	0.85%
4/30/2015	16,162	16,259	(97)	-0.01%	1.17%
4/30/2016	16,581	16,632	(51)	0.00%	1.12%
Police Retirement System					
4/30/2007	21,429	14,527	6,902	0.54%	1.14%
4/30/2008	23,181	15,747	7,434	0.59%	1.25%
4/30/2009	24,619	16,701	7,918	0.61%	1.29%
4/30/2010	22,154	16,645	5,509	0.44%	1.31%
4/30/2011	32,020	16,532	15,488	1.23%	1.31%
4/30/2012	28,277	16,477	11,800	0.91%	1.27%
4/30/2013	31,653	16,934	14,719	1.06%	1.22%
4/30/2014	35,062	22,242	12,820	0.93%	1.61%
4/30/2015	28,933	28,933	-	0.00%	2.08%
4/30/2016	30,272	30,272	-	0.00%	2.04%
Civilian Employees' Retirement System					
4/30/2007	3,820	2,682	1,138	0.09%	0.21%
4/30/2008	4,137	3,372	765	0.06%	0.27%
4/30/2009	4,289	3,471	818	0.06%	0.27%
4/30/2010	3,616	3,330	286	0.02%	0.26%
4/30/2011	4,748	3,185	1,563	0.12%	0.25%
4/30/2012	4,361	3,146	1,215	0.09%	0.24%
4/30/2013	4,956	3,283	1,673	0.12%	0.24%
4/30/2014	5,658	4,122	1,536	0.11%	0.30%
4/30/2015	4,931	4,931	-	0.00%	0.35%
4/30/2016	5,048	5,048	-	0.00%	0.34%

Notes:

- 1) In Fiscal year 2015, GASB 67/68 changed the term Annual Required Contribution (ARC) to Actuarially Determined Contribution (ADC).
- 2) The City does not have any deferred or contingent contributions.
- 3) The amounts for actuarially determined calculations and actual employer contributions were restated to reflect the data in the required supplementary information in the ten year look back table, as part of the adoption of GASB 68, in the required supplementary information in the City of Kansas City, Missouri Comprehensive Annual Financial Report for FYE 2016.
- 4) The last two columns have been revised to provide historical comparisons of actual employer contributions of each plan to primary government expenditures. Historical data of General Fund expenses can found in the Financial Statements in the City of Kansas City, Missouri Comprehensive Annual Financial Reports.

Sources:

- 1) Required Supplementary Information in the City of Kansas City, Missouri Comprehensive Annual Financial Report for FYE 2016.
- 2) Fiscal Years 2007-2016 Financial Statements in the City of Kansas City, Missouri Comprehensive Annual Financial Reports.

Historical Funding Progress - Actuarial Value

Pension Systems						
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
	<i>(in thousands)</i>					
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Employees' Retirement System						
5/1/2007	823,014	847,393	24,379	97 %	158,780	15 %
5/1/2008	873,680	934,334	60,654	94 %	169,867	36 %
5/1/2009	704,069	966,779	262,710	73 %	160,201	164 %
5/1/2010	749,552	994,768	245,216	75 %	153,948	159 %
5/1/2011	806,792	1,010,996	204,204	80 %	163,114	125 %
5/1/2012	847,090	1,070,752	223,663	79 %	161,134	139 %
5/1/2013	900,061	1,115,165	215,104	81 %	166,878	129 %
5/1/2014	962,152	1,149,884	187,732	84 %	167,629	112 %
5/1/2015	1,026,046	1,185,744	159,698	87 %	166,853	96 %
5/1/2016	1,055,814	1,268,159	212,345	83 %	164,248	129 %
Firefighters' Pension System						
5/1/2007	412,408	447,939	35,531	92 %	49,421	72 %
5/1/2008	447,209	478,734	31,525	93 %	51,169	62 %
5/1/2009	348,489	500,194	151,704	70 %	53,613	283 %
5/1/2010	435,428	516,600	81,172	84 %	51,934	156 %
5/1/2011	432,541	528,481	95,940	82 %	51,983	185 %
5/1/2012	420,337	535,215	114,878	79 %	60,063	191 %
5/1/2013	418,712	547,788	129,076	76 %	58,356	221 %
5/1/2014	452,378	583,168	130,790	78 %	59,410	220 %
5/1/2015	476,356	603,418	127,061	79 %	59,295	214 %
5/1/2016	488,879	624,244	135,366	78 %	57,625	235 %
Police Retirement System						
4/30/2007	698,079	807,902	109,823	86 %	80,112	137 %
4/30/2008	742,060	850,764	108,704	87 %	86,701	125 %
4/30/2009	641,177	893,559	252,382	72 %	89,884	281 %
4/30/2010	722,464	915,463	192,999	79 %	90,475	213 %
4/30/2011	715,764	940,609	224,845	76 %	88,445	254 %
4/30/2012	734,376	972,128	237,752	76 %	87,881	271 %
4/30/2013	749,617	964,302	214,685	78 %	90,708	237 %
4/30/2014	773,338	1,006,243	232,905	77 %	96,150	242 %
4/30/2015	803,673	1,037,257	233,584	77 %	97,103	241 %
4/30/2016	821,895	1,076,824	254,929	76 %	96,005	266 %
Civilian Employees' Retirement System						
4/30/2007	89,111	110,394	21,283	81 %	25,472	84 %
4/30/2008	97,990	117,627	19,637	83 %	27,046	73 %
4/30/2009	86,333	124,990	38,658	69 %	27,581	140 %
4/30/2010	100,516	131,223	30,707	77 %	26,136	117 %
4/30/2011	102,523	137,040	34,518	75 %	25,239	137 %
4/30/2012	108,018	142,908	34,889	76 %	25,255	138 %
4/30/2013	113,171	148,663	35,492	76 %	26,461	134 %
4/30/2014	119,076	155,264	36,188	77 %	27,077	134 %
4/30/2015	126,030	160,471	34,441	79 %	27,887	124 %
4/30/2016	130,605	165,082	34,477	79 %	27,165	127 %

Sources:

- 1) City of Kansas City, Missouri Employees' Retirement System Actuarial Valuation Report as of May 1, 2016 prepared by Cheiron
- 2) City of Kansas City, Missouri Firefighters' Pension System Actuarial Valuation Report as of May 1, 2016 prepared by Cheiron
- 3) Police Retirement System of Kansas City, Missouri Actuarial Valuation Report as of April 30, 2016 prepared by Cavanaugh Macdonald Consulting, LLC
- 4) Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri Actuarial Valuation Report as of April 30, 2016 prepared by Cavanaugh Macdonald Consulting, LLC
- 5) Fiscal Year 2007-2015 Comprehensive Annual Financial Report

Note:

- 1) The City's net pension liability as of April 30, 2016, for financial reporting purposes, was measured as of April 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation prepared as of April 30, 2014, rolled forward one year using standard actuarial techniques for the Civilian Employees Retirement System, rolled forward one year for the Police Retirement System and updated to April 30, 2015 for the Employees Retirement and Firefighters' Pension Systems. Values attributed to April 30, 2016 in this table are stated for informational purposes only.

In June 2004, the Governmental Accounting Standards Board (“**GASB**”) issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (“**OPEB**”). This statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. Specifically, the City is required to measure and disclose an amount for annual OPEB cost on the accrual basis for health benefits that will be provided to retired employees in future years. The disclosure requirement for the City began with the fiscal year ending April 30, 2008.

The following table displays specific information from the City's three most recent OPEB actuarial reports:

OTHER POST EMPLOYMENT BENEFITS (OPEB)
(Amount Expressed in Thousands)

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Liability (AAL) entry age</u>	<u>(b)-(a) Unfunded AAL (UAAL)</u>	<u>(a)/(b) Funded Ratio</u>	<u>(c) Covered Payroll</u>	<u>[(b)-(a)]/(c) UAAL as a Percentage of Covered Payroll</u>
<i>City of Kansas City - Employee/Firefighter Other Post-Employment Benefits</i>						
4/30/2010 ⁽¹⁾	-	76,574	76,574	-	205,882	37.19 %
4/30/2012	-	105,013	105,013	-	221,197	47.47 %
4/30/2014	-	97,828	97,828	-	227,039	43.09%
<i>City of Kansas City – Police/Civilian Other Post-Employment Benefits</i>						
4/30/2010	-	54,184	54,184	- %	116,611	46.47 %
4/30/2012	-	55,129	55,129	-	113,136	48.73%
4/30/2014	-	46,301	46,301	-	114,100	40.58%

(1) The April 30, 2010 actuarial valuation included the following changes in assumptions:

1. Medicare eligibility: In the prior valuations, it was assumed that 25% of firefighter retirees hired before 1987 would not be eligible for Medicare. It was determined that this assumption was not holding true for the current retirees (all were Medicare eligible). For the 2010 valuation, all retirees are assumed to be eligible for Medicare at attainment of age 65.
2. Participation and election assumptions: In the prior valuations, it was assumed that 90% of eligible retirees would elect coverage at retirement and that 100% of those electing would elect 2-person coverage. This was determined to be overly conservative for an access only plan (a plan where the retiree pays the full blended premium), and was not being observed in the actual retiree elections. For the 2010 valuation, 50% participation was assumed with 85% of males participating electing 2-person coverage and 55% of females participating electing 2-person coverage.

The Employee/Firefighter annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years indicated were as follows:

Schedule of Employer Contributions			
(In thousands)			
Fiscal year ending	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB (obligation)
4/30/2008	\$ 16,017	13%	\$ (13,916)
4/30/2009	21,988	15%	(32,504)
4/30/2010	21,336	16%	(50,440)
4/30/2011	7,381	29%	(55,669)
4/30/2012	7,544	32%	(60,820)
4/30/2013	9,579	69%	(63,761)
4/30/2014	9,955	68%	(66,928)
4/30/2015	8,730	78%	(68,809)
4/30/2016	8,855	68%	(71,667)

The Police/Civilian OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations for 2011 to 2016 were as follows:

Police/Civilian Annual OPEB Cost and Net OPEB Obligation			
(In thousands)			
Fiscal year Ended	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB (Obligation)
4/30/2011	\$ 6,422	8%	\$ (5,901)
4/30/2012	6,590	24%	(10,926)
4/30/2013	6,343	18%	(16,099)
4/30/2014	6,525	19%	(21,387)
4/30/2015	5,185	22%	(25,455)
4/20/2016	5,232	23%	(29,493)

Note: Under Governmental Accounting Standards Board Statement (GASB) No. 45, the difference between the premium rate charged to retirees and the estimated rate that would be applicable to those retirees if acquired of them as a separate group is an implicit rate subsidy, which is considered an other postemployment benefit (OPEB) under the standard. Prior to May 1, 2011, the Kansas City Board of Police Commissioners required the retirees to pay 30% more than premiums charged for active employees. The Board eliminated the 30% surcharge effective May 1, 2011.

For additional information regarding the Kansas City, Missouri OPEB, please refer to the City's 2016 Comprehensive Annual Financial Report.

Source: Note Disclosures and Required Supplementary Information Section of the City of Kansas City, Missouri Comprehensive Annual Financial Report for Fiscal Year ended April 30, 2016.

DEBT INFORMATION

Debt Structure of the City

General Obligation Bonds. The City is authorized to issue general obligation bonds payable from ad valorem taxes to finance capital improvements upon a four-sevenths (4/7) majority vote of qualified voters at the general municipal election day, primary or general elections and a two-thirds (2/3) majority vote at all other elections. At this time, the City does not have any voted general obligation bond authority.

Neighborhood Improvement District Bonds. The City may also issue certain neighborhood improvement district (“NID”) bonds without a vote and these bonds are payable as to both principal and interest from special assessments against real property benefitted by the acquisition and construction of improvements and, if not so paid, from current income and revenues and surplus funds of the City. The City indebtedness of NID bonds shall be treated equally as general obligation indebtedness, except that the City is not authorized to impose any new or increased ad valorem property tax to pay principal and interest on the NID bonds without voter approval.

As of April 30, 2016 (fiscal year end), the City had an outstanding total aggregate principal amount of \$346,915,000 of general obligation bonds, which includes the outstanding balance of \$230,000 Neighborhood Improvement District Bonds.

Revenue Bonds, Notes and Loans. Other than refunding bonds, the City’s general obligation and revenue bonds require a vote of the electorate. All revenue bonds issued by the City are payable out of the revenues derived from the operation of the facility that is financed from the proceeds of such bonds. Revenue bonds do not carry the full faith and credit of the City in servicing the bonded indebtedness and such bonds are not considered in determining the legal debt margin.

As of April 30, 2016, the City had an outstanding total of \$978,466,000 aggregate principal amount of revenue bonds which includes \$352,470,000 in water revenue bonds, \$430,676,000 in sewer revenue bonds, and \$195,320,000 in airport revenue bonds. To match funds from grants for storm water projects, the City entered into loans with the Missouri Department of Natural Resources (“MDNR”). As of April 30, 2016, the City had an outstanding balance of \$2,568,200 aggregate principal amount of MDNR storm water loans.

As of April 30, 2016, the City had remaining voted authority for \$240,416,000 in airport revenue bonds, \$440,210,000 in water revenue bonds, \$ 324,737,000 in sewer bonds and \$5,000,000 in museum revenue bonds.

On February 24, 2017 the City issued \$78,130,000 of its Water Revenue System Bonds, Series 2017A (“Water Revenue Series 2017A Bonds”). The Water Revenue Series 2017A Bonds provided funds for extending and improving the City’s Waterworks System. The remaining voted authority for Water Revenue bonds is \$362,080,000 as of March 1, 2017. The Water Revenue bonds will have an outstanding balance, as of April 30, 2017, of \$414,115,000.

Lease Revenue Bonds and Equipment Leases. The City may enter into financing arrangements for building projects through lease-leaseback purchase agreements with not-for-profit corporations or bond issuing authorities, which may issue tax-exempt bonds without voter approval to finance City projects. The City has financed several projects through the Kansas City Municipal Assistance Corporation (“KCMAC”). The City makes annual lease payments under these lease arrangements in an amount required to pay debt service on the bonds. The City’s obligations under these leases are subject to annual appropriation and must be budgeted each year and do not constitute an indebtedness of the City beyond the current lease term. As of April 30, 2016, the City had an outstanding balance of KCMAC bonds of \$101,471,041.

From time to time, the City enters into lease purchase agreements for real property and equipment, such as the purchase of land, buildings, communications equipment, vehicles, and computer hardware. As of April 30, 2016, the City had an outstanding aggregate principal total of \$62,596,139 of such equipment leases.

Limited Obligation Notes and Bonds. As of April 30, 2016, the City had outstanding total of \$1.085 billion aggregate principal in limited obligation notes and bonds that do not constitute an indebtedness of the City beyond the requirement to annually appropriate the required debt service.

On March 23, 2017, the City issued its taxable Special Obligation Bonds, Series 2017A (“Series 2017A”), Special Obligation Bonds, Series 2017B (“Series 2017B”), Special Obligation Refunding Bonds, Series 2017C (“Series 2017C”) and Series 2017D (“Series 2017D”).

The taxable Series 2017A bonds are providing funds to finance the costs of certain projects including the construction of a Linwood shopping center and a provision of capitalized interest, improvements to facilities at 18th Street and Vine in Kansas City, Missouri and the cash funding of a debt service reserve with respect to the KCMAC Series 2004B-1 bonds. The par amount of the taxable Series 2017A bonds is \$31,610,000.

The Series 2017B bonds are providing funds to finance the costs of certain City projects including upgrades to it’s Peoplesoft enterprise management system and 311 Call Center, improvements to the Kansas City Museum, improvements to the City’s Parks and Recreation Department security cameras and fiber-optics infrastructure, replacement of various fueling stations, and refunding a portion of it’s Special Obligation Series 2014D bonds. The par amount of the Series 2017B bonds is \$19,185,000.

The Series 2017C Refunding bonds refunded the following bonds and maturities:

- Industrial Development Authority Refunding Bonds, Series 2005A:
 - Advance refund 2017-2032 maturities (\$ 96,040,000) resulting in a net present value savings of \$ 7,421,064.46.
- The par amount of the Series 2017C bonds is \$89,410,000.

The Series 2017D Refunding bonds refunded the following bonds and maturities:

- Industrial Development Authority Refunding Bonds, Series 2007A:
 - Advance refund 2018-2022 maturities (\$17,425,000) resulting in a net present value savings of \$ 1,177,362.32.
- The estimated par amount of the Series 2017D bonds is \$16,185,000.

After the issuance of the Special Obligation Series 2017 Bonds, the City's limited obligation notes and bonds will have \$1.071 billion aggregate principal in limited obligation notes and bonds, as of April 30, 2017, that do not constitute an indebtedness of the City beyond the requirement to annually appropriate the required debt service.

TITLE	OUTSTANDING AS OF 4/30/17 (\$000)
Various Capital Projects, taxable Series 2017A	31,610
Various Capital Projects, Series 2017B	19,185
Refunding Project, Series 2017D (Midtown)	16,185
Various Refunding Projects, Series 2016C	19,820
Various Capital Projects, taxable Series 2016B	31,110
Various Capital Projects, Series 2016A	56,130
Various Capital Projects, Series 2015A	16,515
Various Capital Projects, Series 2014D	2,616
Various Capital Projects, Series 2014A and 2014B	72,190
Various Capital Projects, Series 2013B and 2013C	51,781
Various Capital Projects, Series 2012A and 2012B	60,993
Various Capital Projects, Series 2010A, 2010B and 2010C	15,586
Performing Arts Center Garage, Series 2009E	47,317
Chouteau, Series 2009C and 2009D	6,855
President Hotel, Series 2009B	12,975
909 Walnut, Series 2009A	4,800
Bartle Hall, Series 2008E and 2008F	105,521
Downtown Arena, Series 2016E and 2008D	192,855
East Village, Series 2016D	24,980
Muehlebach and Auditorium Plaza Garage, LCRA Series 2005E	4,440
KC Live Entertainment District, IDA Series 2011A and Special Obligation Series 2014C, 2017C	269,700
Third and Wyandotte Garage, PIEA Series 2005	4,050
HUD Note	2,131
MTFC Loan	1,467
Total	\$1,070,812

Debt Service Requirements

The following debt service tables show the principal and interest requirements for each respective fiscal year for City's outstanding debt as of March 24, 2017:

**PRINCIPAL AND INTEREST REQUIREMENTS ON OUTSTANDING OBLIGATIONS
March 24, 2017**

Fiscal Year	Outstanding Long-Term General Obligation Bonds			% of Principal Retired
	Principal	Interest	Total	
2017	30,660,000	14,755,120	45,415,120	
2018	24,430,000	13,554,970	37,984,970	
2019	26,500,000	12,537,370	39,037,370	
2020	28,270,000	11,329,320	39,599,320	
2021	29,690,000	10,496,183	40,186,183	40.23%
2022	31,165,000	9,613,033	40,778,033	
2023	32,120,000	8,335,663	40,455,663	
2024	32,070,000	6,732,685	38,802,685	
2025	30,275,000	5,250,355	35,525,355	
2026	31,850,000	3,845,613	35,695,613	85.62%
2027	19,740,000	2,353,013	22,093,013	
2028	13,500,000	1,395,113	14,895,113	
2029	4,730,000	750,413	5,480,413	
2030	4,950,000	535,275	5,485,275	
2031	5,195,000	295,975	5,490,975	99.49%
2032	1,770,000	61,950	1,831,950	
	<u>\$ 346,915,000</u>	<u>\$ 101,842,048</u>	<u>\$ 448,757,048</u>	100.00%

- (1) Interest payments are shown on a gross basis; no deduction has been made for expected federal interest subsidy payments for the Series 2010B Bonds issued as Recovery Zone Economic Development Bonds (RZEDB's).

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt Airport Revenue Bonds			% of Principal Retired
	Principal	Interest	Total	
2017	23,530,000	9,314,785	32,844,785	
2018	24,740,000	8,105,098	32,845,098	
2019	25,995,000	6,830,084	32,825,084	
2020	27,330,000	5,488,073	32,818,073	
2021	16,655,000	4,376,444	21,031,444	60.54%
2022	11,775,000	3,658,875	15,433,875	
2023	12,380,000	3,055,000	15,435,000	
2024	13,015,000	2,420,125	15,435,125	
2025	13,700,000	1,735,125	15,435,125	
2026	14,440,000	996,450	15,436,450	93.98%
2027	5,725,000	467,119	6,192,119	
2028	6,035,000	158,419	6,193,419	
	<u>\$ 195,320,000</u>	<u>\$ 46,605,595</u>	<u>\$ 241,925,595</u>	100.00%

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt Water Revenue Bonds			% of Principal Retired
	Principal	Interest	Total	
2017	16,485,000	14,877,126	31,362,126	
2018	19,610,000	16,722,648	36,332,648	
2019	19,625,000	16,645,268	36,270,268	
2020	20,425,000	15,854,824	36,279,824	
2021	21,245,000	15,011,020	36,256,020	22.62%
2022	20,515,000	14,047,592	34,562,592	
2023	21,315,000	13,207,645	34,522,645	
2024	21,005,000	12,232,171	33,237,171	
2025	19,790,000	11,225,112	31,015,112	
2026	16,785,000	10,332,560	27,117,560	45.70%
2027	17,470,000	9,618,469	27,088,469	
2028	18,340,000	8,838,753	27,178,753	
2029	16,240,000	8,004,350	24,244,350	
2030	16,945,000	7,286,925	24,231,925	
2031	17,705,000	6,541,663	24,246,663	65.84%
2032	18,500,000	5,772,931	24,272,931	
2033	19,295,000	5,013,194	24,308,194	
2034	15,155,000	4,217,331	19,372,331	
2035	15,780,000	3,690,950	19,470,950	
2036	16,415,000	3,081,988	19,496,988	85.61%
2037	17,095,000	2,418,975	19,513,975	
2038	14,765,000	1,736,300	16,501,300	
2039	11,690,000	1,164,125	12,854,125	
2040	8,660,000	715,875	9,375,875	
2041	4,775,000	389,800	5,164,800	98.85%
2042	4,970,000	198,800	5,168,800	
	<u>\$ 430,600,000</u>	<u>\$ 208,846,390</u>	<u>\$ 639,446,390</u>	100.00%

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt Sanitary Sewer Revenue Bonds			% of Principal Retired
	Principal	Interest	Total	
2017	21,090,100	17,040,317	38,130,417	
2018	19,550,000	17,034,550	36,584,550	
2019	20,105,300	16,392,719	36,498,019	
2020	20,005,800	15,653,588	35,659,388	
2021	20,316,700	14,785,212	35,101,912	23.47%
2022	19,548,000	13,948,133	33,496,133	
2023	19,414,600	13,188,912	32,603,512	
2024	18,401,700	12,450,956	30,852,656	
2025	18,009,000	11,635,421	29,644,421	
2026	17,056,700	10,843,104	27,899,804	44.93%
2027	17,795,000	10,089,222	27,884,222	
2028	18,643,500	9,250,944	27,894,444	
2029	19,547,600	8,348,390	27,895,990	
2030	20,192,000	7,481,990	27,673,990	
2031	20,200,000	6,582,181	26,782,181	67.31%
2032	21,105,000	5,685,094	26,790,094	
2033	19,805,000	4,747,256	24,552,256	
2034	20,665,000	3,889,306	24,554,306	
2035	16,755,000	3,068,700	19,823,700	
2036	17,360,000	2,461,675	19,821,675	89.53%
2037	18,065,000	1,750,950	19,815,950	
2038	8,680,000	1,025,269	9,705,269	
2039	9,010,000	694,819	9,704,819	
2040	9,355,000	353,231	9,708,231	
	<u>\$ 430,676,000</u>	<u>\$ 208,401,938</u>	<u>\$ 639,077,938</u>	100.00%

(1) The City participated in the State of Missouri Direct Loan Program and purchased \$16,000,000 Sewage System State Revolving Fund (“SRF”) Bonds in 2009. The City did not utilize a portion of the bond proceeds for which it was originally approved. In January 2014, the trustee provided a re-amortized schedule. The numbers above reflect the re-amortized final bond balance of \$14,387,758.

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt Storm Water Loan			% of Principal Retired
	Principal	Interest	Total	
2017	403,600	40,784	444,384	
2018	409,800	34,297	444,097	
2019	416,000	27,710	443,710	
2020	423,200	21,015	444,215	
2021	428,600	14,212	442,812	81.04%
2022	348,000	7,316	355,316	
2023	22,000	1,792	23,792	
2024	23,000	1,477	24,477	
2025	23,000	1,155	24,155	
2026	23,000	833	23,833	98.13%
2027	24,000	504	24,504	
2028	24,000	168	24,168	
	<u>\$ 2,568,200</u>	<u>\$ 151,263</u>	<u>\$ 2,719,463</u>	100.00%

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt MTFC Loan			% of Principal Retired
	Principal	Interest	Total	
2017	1,418,488	121,210	1,539,698	
2018	1,467,455	61,633	1,529,089	
	<u>\$ 2,885,944</u>	<u>\$ 182,843</u>	<u>\$ 3,068,786</u>	100.00%

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt KCMAC Leasehold Revenue Bonds			% of Principal Retired
	Principal	Interest	Total	
2017	-	1,853,000	1,853,000	
2018	11,095,000	1,853,000	12,948,000	
2019	15,855,000	1,298,250	17,153,250	
2020	10,110,000	505,500	10,615,500	
2021	7,033,183	8,391,817	15,425,000	43.45%
2022	6,888,451	9,201,549	16,090,000	
2023	6,739,498	10,055,502	16,795,000	
2024	5,719,817	9,485,183	15,205,000	
2025	-	-	-	
2026	6,583,309	13,256,691	19,840,000	69.01%
2027	6,421,104	14,218,896	20,640,000	
2028	6,326,780	15,143,220	21,470,000	
2029	6,233,252	16,101,748	22,335,000	
2030	6,105,467	17,114,533	23,220,000	
2031	6,010,211	18,139,790	24,150,000	99.66%
2032	349,971	1,140,029	1,490,000	
	<u>\$ 101,471,041</u>	<u>\$ 137,758,709</u>	<u>\$ 239,229,750</u>	100.00%

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Fiscal Year	Outstanding Long-Term Debt Lease Purchase Agreements			% of Principal Retired
	Principal	Interest	Total	
2017	7,290,018	1,438,105	8,728,123	
2018	6,735,586	1,285,474	8,021,059	
2019	6,927,370	1,142,787	8,070,156	
2020	7,191,088	999,932	8,191,020	
2021	6,989,992	840,292	7,830,284	56.13%
2022	5,767,145	693,672	6,460,817	
2023	10,072,996	568,752	10,641,748	
2024	2,971,241	307,316	3,278,557	
2025	2,209,704	242,216	2,451,920	
2026	6,441,001	193,386	6,634,387	100.00%
	<u>\$ 62,596,139</u>	<u>\$ 7,711,932</u>	<u>\$ 70,308,071</u>	100.00%

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Outstanding Long-Term Debt
Limited Obligations Notes and Bonds

Year	Outstanding Long-Term Debt Other Limited Obligations Notes and Bonds		Fiscal Total	% of Principal Retired
	Principal	Interest ⁽¹⁾		
2017	53,766,420	46,150,659	99,917,079	
2018	52,900,923	50,270,917	103,171,840	
2019	60,358,857	48,890,812	109,249,669	
2020	58,868,601	46,836,491	105,705,092	
2021	61,643,703	44,713,155	106,356,858	25.60%
2022	48,216,352	42,656,123	90,872,475	
2023	53,064,931	41,122,141	94,187,072	
2024	53,279,290	39,221,258	92,500,547	
2025	69,472,117	37,190,639	106,662,756	
2026	52,475,592	34,244,481	86,720,073	50.22%
2027	48,524,305	32,122,105	80,646,411	
2028	51,018,025	29,995,364	81,013,389	
2029	50,206,722	31,715,323	81,922,045	
2030	47,750,976	18,482,021	66,232,997	
2031	51,005,288	16,127,013	67,132,301	72.35%
2032	63,544,074	13,917,858	77,461,932	
2033	66,427,922	10,797,860	77,225,782	
2034	50,881,415	8,258,521	59,139,937	
2035	21,680,000	6,040,206	27,720,206	
2036	22,850,000	5,070,637	27,920,637	92.42%
2037	21,060,000	4,100,258	25,160,258	
2038	26,220,000	2,923,431	29,143,431	
2039	18,470,000	1,807,817	20,277,817	
2040	19,425,000	860,745	20,285,745	
	<u>\$ 1,123,110,514</u>	<u>\$ 613,515,835</u>	<u>\$ 1,736,626,350</u>	100.00%

(1) The "Interest Column" includes six (6) variable rate demand (VRDO) tax-exempt and taxable bonds. Future interest rates on these bonds were based on an all-in estimated interest rate of 4.5% to 5.15% and 4.75% to 4.98% for tax-exempt and taxable VRDO bonds, respectively. The rates include letter-of-credit ("LOC"), remarketing, surveillance and other fees. Rate assumptions are for illustration purposes and actual rates will vary.

* Note: Debt service in the above table represents amount due for the whole Fiscal Year.

Authority

The following table summarizes the City's total bond authority as of February 24, 2017.

AUTHORIZED UNISSUED DEBT
(Amounts Expressed in Thousands)

Type/Purpose	Date	Amount	Amount Issued	Total Unissued
<u>Revenue Bonds:</u>				
Kansas City Museum	Mar. 8, 1988	5,000	0	5,000
Airport	Aug. 8, 2000	395,000	154,584	240,416
Water System	April 8, 2014	500,000	137,920	362,080
Sewer	Aug. 7, 2012	500,000	175,263	324,737 ⁽¹⁾
TOTAL		1,400,000	\$467,767	\$ 932,233

(1) Adjusted due to the re-amortization of the SRF Sanitary Sewer Revenue Bonds, Series 2009B

Source: Treasury Division, Finance Department, City of Kansas City, Missouri.

History of Indebtedness

The following tables set forth the general bonded debt information pertaining to the City as of the end of the last ten fiscal years.

RATIOS OF BONDED DEBT OUTSTANDING

(Amounts Expressed In Thousands)

Fiscal Year	General Obligation Bonds ⁽¹⁾	Other Bonds and Leases (1)(2)	Percentage of Actual Taxable		
			Total	Value of Property	Per Capita
2007	289,725	1,235,918	1,525,643	5.59%	3,358
2008	311,325	1,248,317	1,559,642	5.23%	3,419
2009	294,100	1,210,235	1,504,335	4.96%	3,285
2010	309,785	1,253,247	1,563,032	5.39%	3,399
2011	342,240	1,195,101	1,537,341	5.28%	3,327
2012	449,290	1,191,494	1,640,784	5.67%	3,533
2013	434,835	1,127,454	1,562,289	5.42%	3,344
2014	407,515	1,190,595	1,598,110	5.57%	3,394
2015	378,785	1,160,888	1,539,673	5.31%	3,256
2016	346,915	1,248,643	1,595,558	5.27%	3,344

(1) The numbers are not net of unamortized premium, discount and deferred charges on refundings.

(2) Includes KCMAC leasehold revenue bonds, lease purchase agreements and other limited obligations. It also includes actual outstanding balances of bonds that were considered as "contingent liabilities" in the City of Kansas City, Missouri's CAFR from Fiscal Year 2007 to 2009. It does include the Special Facility Airport Revenue Bonds, Series 2005G. The series 2005G was classified under business type activities in the CAFR. It does not include the DNR Loan for the Water Services Department.

Due to footnote (1) and (2), the numbers on this table do not match the numbers on Table 13 of the statistical section of the 2016 Comprehensive Annual Financial Report.

Note: The Debt per Capita may change from time to time due to periodic review of the population estimates by the U.S. Census Bureau.

Source: Treasury Division, Finance Department.

Direct and Overlapping Indebtedness

Other governmental entities whose boundaries overlap the City have outstanding bonds payable from ad valorem taxes. The following statements of direct and estimated overlapping ad valorem and other net direct debt were compiled from a survey of the various taxing districts.

CITY OF KANSAS CITY, MISSOURI

Direct and Overlapping Debt General Obligation and Other Net Direct Debt

As of April 30, 2016

	General Obligation and Other Net Direct Debt(3)		Percentage Applicable to this Municipality (1)	Municipality's Share of Debt
City of Kansas City:				
Net direct debt	\$ 1,595,557,638	(2)	100.0%	1,595,557,638
County and College District:				
Clay County	3,722,779		48.0%	1,786,934
Jackson County	444,886,712		44.5%	197,974,587
Platte County	37,322,351		50.5%	18,847,787
Cass County	-		0.0%	-
Metropolitan Junior College District	62,949,149		52.0%	32,733,557
Platte County School Districts:				
A. Park Hill Reorganized No. 5	82,225,970		43%	35,357,167
B. Platte County Reorganized No. 3	63,369,999		40.0%	25,348,000
Clay County School Districts:				
C. Smithville No. 27	25,365,000		3.4%	862,410
D. North Kansas City No. 74	206,089,733		84.8%	174,764,094
E. Liberty No. 53	119,640,985		10.0%	11,964,099
Jackson County School Districts:				
F. Kansas City No. 33	56,693,674		93.0%	52,725,117
G. Raytown No. 2	78,369,855		43.8%	34,325,996
H. Independence No. 30	139,015,000		2.4%	3,336,360
I. Lee's Summit Reorganized No. 7	219,542,707		1.0%	2,195,427
J. Center No. 58	26,504,973		100.0%	26,504,973
K. Hickman Mills Consolidated No. 1	52,635,056		87.3%	45,950,404
L. Grandview Consolidated No. 4	32,343,212		53.0%	17,141,902
M. Blue Springs School Dist	120,020,000		0.0%	-
Subtotal, net direct debt	<u>1,770,697,155</u>			
Subtotal, overlapping debt				<u>681,818,814</u>
Total direct and overlapping debt				<u><u>2,277,376,452</u></u>

(1) Percentage is derived by dividing total assessed valuation of taxing jurisdiction within Kansas City by total assessed valuation of taxing jurisdiction.

(2) Consists of \$346,915,000 of general obligation bonds payable and \$1,248,642,638 of leasehold revenue bonds, lease purchase agreements, and limited obligation notes and bonds. These numbers are net of unamortized premium, discount.

(3) All debt figures are not net of available balance in the sinking fund.

Note: Due to footnote No. 2 above, the City's direct debt on this table does not match the numbers on Table 14 of the statistical section of the 2016 Comprehensive Annual Financial Report for Fiscal Year 2016.

City of Kansas City, Missouri
Legal Debt Margin Information
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed valuation for City, county, and state purposes (see Table 8) (5)	\$ 6,490,128,000	\$ 7,091,150,000	\$ 7,178,927,000	\$ 6,880,215,000	\$ 6,876,960,000	\$ 6,841,192,000	\$ 6,807,611,000	\$ 6,806,493,000	\$ 6,882,341,000	\$ 7,199,431,000
Constitutional debt limit (1) (2)	1,298,025,600	1,418,230,000	1,435,785,400	1,376,043,000	1,375,392,000	1,368,238,400	1,361,522,200	1,361,298,600	1,376,468,200	1,439,886,200
General obligation bonds payable (3)	289,725,000	311,325,000	294,100,000	309,785,000	342,240,000	449,290,000	434,835,000	407,515,000	378,785,000	346,915,000
Less debt service fund balances available for retirement of bonds	15,899,741	13,886,969	4,853,175	2,305,177	2,850,169	2,440,753	2,601,419	1,850,150	1,262,986	875,241 ⁽⁴⁾
Total amount of bonds payable applicable to debt limit	273,825,259	297,438,031	289,246,825	307,479,823	339,389,831	446,849,247	432,233,581	405,664,850	377,522,014	346,039,759
Legal debt margin	<u>\$ 1,024,200,341</u>	<u>\$ 1,120,791,969</u>	<u>\$ 1,146,538,575</u>	<u>\$ 1,068,563,177</u>	<u>\$ 1,036,002,169</u>	<u>\$ 921,389,153</u>	<u>\$ 929,288,619</u>	<u>955,633,750</u>	<u>998,946,186</u>	<u>1,093,846,441</u>

- (1) Section 26(b) and (c) of the state constitution permits the City, by a vote of the qualified electors, to incur an indebtedness for City purposes not to exceed 10% of assessed valuation.
- (2) Section 26(d) and (e) of the state constitution provides that any City may become indebted not exceeding in the aggregate an additional 10% for the purposes of acquiring the rights-of-way constructing, extending, and improving streets, avenues and sanitary or storm sewer systems, purchasing or constructing waterworks, electric, or light plants, provided the total general obligation indebtedness does not exceed 20% of assessed valuation.
- (3) The total general obligation bonds for Fiscal Year 2016 includes \$11,995,000 general obligation bonds for streetlight projects, \$334,690,000 for capital projects, and \$230,000 general obligation bonds for neighborhood improvement district projects. Amounts are not net of unamortized premium and discount.
- (4) 2012, 2013, 2014 and 2015 fund balances are of general debt and interest, special assessment sewer and neighborhood improvement district funds. 2016 fund balances of general debt and interest, and neighborhood improvement district funds.
- (5) Assessed valuation restated.

Source: Statistical Section of the Kansas City, Missouri Comprehensive Annual Financial Report for Fiscal Year 2016 and Treasury Division, Finance Department, City of Kansas City, Missouri

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APPENDIX D

FORM OF CO-BOND COUNSEL OPINION

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APPENDIX D

FORM OF CO-BOND COUNSEL OPINION

[Closing Date]

City of Kansas City, Missouri
Kansas City, Missouri

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

J.P. Morgan Securities LLC
Kansas City, Missouri

\$156,390,000
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS
consisting of:

\$31,610,000 Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A	\$19,185,000 Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B
\$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C	\$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the issuance by the City of Kansas City, Missouri (the “Issuer”), of the above-referenced Bonds. The Series 2017A Bonds and Series 2017B Bonds have been authorized and issued under and pursuant to the City Charter of the Issuer and the Trust Indenture dated as of March 1, 2017 (the “Series 2017A and B Indenture”) by and between the Issuer and UMB Bank, N.A., as Trustee (the “Trustee”). The Series 2017C Bonds have been authorized and issued under and pursuant to the City Charter of the Issuer and the Trust Indenture dated as of March 1, 2017 (the “Series 2017C Indenture”) by and between the Issuer and the Trustee. The Series 2017D Bonds have been authorized and issued under and pursuant to the City Charter of the Issuer and the Trust Indenture dated as of March 1, 2017 (the “Series 2017D Indenture”) by and between the Issuer and the Trustee. The Series 2017A and B Indenture, the Series 2017C Indenture and the Series 2017D Indenture are referred to collectively herein as the “Indentures.” Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the applicable Indenture.

The proceeds of the Series 2017A Bonds will be used to provide funds (a) to acquire, construct, reconstruct and/or improve certain projects within the City (the “Taxable City Projects”), (b) to fund a debt service reserve fund for the Kansas City Municipal Assistance Corporation Tax-Exempt Leasehold Improvement Revenue Bonds (H. Roe Bartle Convention Center and Infrastructure Project) Series 2004B-1, (c) to pay capitalized interest on a portion of the Series 2017A Bonds and (d) to pay certain

costs related to the issuance of the Series 2017A Bonds, as more fully described and defined in the Series 2017A and B Indenture. The proceeds of the Series 2017B Bonds will be used to provide funds (a) to acquire, construct, reconstruct and/or improve certain projects within the City and to refinance the Crisis Center Project (the “Tax-Exempt City Projects”) through the refunding of that portion of the Issuer’s Special Obligation Bond Anticipation Bonds (Streetcar System Expansion Project) Series 2014D related to the Crisis Center Project (the “Refunded Series 2014D Bonds”) and (b) to pay certain costs related to the issuance of the Series 2017B Bonds, as more fully described and defined in the Series 2017A and B Indenture. The proceeds of the Series 2017C Bonds will be used to provide funds (a) to advance refund all of the currently Outstanding Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A of The Industrial Development Authority of the City of Kansas City, Missouri (the “Refunded Series 2005A Bonds”) and (b) to pay certain costs related to the issuance of the Series 2017C Bonds, as more fully described and defined in the Series 2017C Indenture. The proceeds of the Series 2017D Bonds will be used to provide funds (a) to current refund \$17,425,000 principal amount of the currently Outstanding Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri - Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the “Series 2007A Bonds”) of The Industrial Development Authority of the City of Kansas City, Missouri maturing on April 1 in the years 2018 through 2022 (the “Refunded Series 2007A Bonds”) and (b) to pay certain costs related to the issuance of the Series 2017D Bonds, as more fully described and defined in the Series 2017D Indenture.

Reference is made to an opinion of even date herewith of the Office of the City Attorney, with respect to, among other matters, (a) the power of the Issuer to enter into and perform its obligations under the Indentures, the Tax Compliance Agreements relating to the Series 2017B Bonds, Series 2017C Bonds, and Series 2017D Bonds (collectively, the “Tax Compliance Agreements”) and the Escrow Trust Agreements and other escrow agreements relating to the Refunded Series 2005A Bonds and the Refunded Series 2007A Bonds (collectively, the “Escrow Agreements”) and (b) the due authorization, execution and delivery of the Indentures, the Tax Compliance Agreements and the Escrow Agreements by the Issuer and the binding effect and enforceability thereof against the Issuer.

In our capacity as Co-Bond Counsel, we have examined such certified proceedings and other documents as we deem necessary to render this opinion, including a certified transcript of the proceedings relating to the authorization and issuance of the Bonds, which transcript includes, among other documents and proceedings, the Indentures, the Tax Compliance Agreements and the Escrow Agreements and related proceedings, documents and certificates, and also a specimen Bond of each issue so authorized. As to questions of fact material to our opinion we have relied upon representations contained in the Indentures, the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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 Indentures.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a constitutional charter city duly and legally organized and validly existing under the laws of the State of Missouri and has lawful power and authority to issue the Bonds and to enter into the Indentures 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.

3. The Bonds of each Series are valid and legally binding limited obligations of the Issuer according to the terms thereof, payable as to principal, redemption premium, if any, and interest solely from, and secured by a valid and enforceable pledge and assignment of the applicable Trust Estate, all in the manner provided in the applicable Indenture. The Bonds do not constitute a debt or liability of the State of Missouri or of any political subdivision thereof within the meaning of any State Constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State or of any political subdivision thereof.

4. The Indentures, the Tax Compliance Agreements and the Escrow Agreements have been duly authorized, executed and delivered by the Issuer and constitute valid and legally binding agreements enforceable against the Issuer in accordance with the respective provisions thereof.

5. The interest on the Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds (the "Tax-Exempt Bonds") is excludable from gross income for federal and Missouri income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Notwithstanding our opinion that interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses). The opinions set forth in this paragraph are subject to the condition that the Issuer and the Trustee comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal and Missouri income tax purposes. The Issuer and the Trustee have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Tax-Exempt Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Tax-Exempt Bonds.

6. The interest on the Series 2017A Bonds is included in gross income for federal and Missouri income tax purposes.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indentures and the Escrow Agreements 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 call to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof which may affect the legal opinions expressed herein.

Very truly yours,

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APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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APPENDIX E

**FORM OF
CONTINUING DISCLOSURE UNDERTAKING**

**relating to
\$156,390,000
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS**

\$31, 610,000 Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A	\$19,185,000 Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B
\$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C	\$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D

THIS CONTINUING DISCLOSURE UNDERTAKING dated as of **March 1, 2017** (this “**Undertaking**”), is executed and delivered by the City of Kansas City, Missouri (the “**City**”) as the “**Obligated Person**” in connection with the issuance of the above-captioned bonds (the “**Bonds**”). The Bonds are being issued pursuant to Ordinance No. 170132, passed on February 23, 2017 (the “**Ordinance**”), and (1) a Trust Indenture, dated as of March 1, 2017, relating to the Series 2017A Bonds and the Series 2017B Bonds, (2) a Trust Indenture, dated as of March 1, 2017, relating to the Series 2017C Bonds and (3) a Trust Indenture, dated as of March 1, 2017, relating to the Series 2017D Bonds.

In order to permit the Purchaser to comply with the provisions of Rule 15c2-12 of the Securities Exchange Commission, as amended, in connection with the public offering of the Bonds, the City hereby covenants and agrees, for the sole and exclusive benefit of holders and Beneficial Owners of the Bonds, as follows:

Section 1. Definitions. In addition to the definitions set forth in the Ordinance and the applicable Indenture, which apply to any capitalized term used in this Undertaking unless otherwise defined, the following capitalized terms shall have the following meanings:

“**Annual Information**” means the financial information and operating data described in **Section 3** hereof.

“**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 owner of any Bonds for federal income tax purposes.

“**City**” means the City of Kansas City, Missouri, a constitutional charter city duly organized under the laws of the State of Missouri, and any successor thereto.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures established by the MSRB, which can be accessed at www.emma.msrb.org. All information to be provided to the MSRB pursuant to this Undertaking shall be submitted through EMMA in an electronic format and accompanied by identifying information, both as prescribed by the MSRB.

“**Fiscal Year**” means the City’s fiscal year, which is currently May 1 to April 30, or as it may be hereafter defined by the City.

“**GAAP**” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board.

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

“**Indenture**” means (i) with respect to the Series 2017A and Series 2017B Bonds, a Trust Indenture dated as of March 1, 2017, between the City and UMB Bank, N.A., as Trustee, (ii) with respect to the Series 2017C Bonds, a Trust Indenture dated as of March 1, 2017, between the City and UMB Bank, N.A., as Trustee and (iii) with respect to the Series 2017D Bonds, a Trust Indenture dated as of March 1, 2017, between the City and UMB Bank, N.A., as Trustee.

“**MSRB**” means the Municipal Securities Rulemaking Board, established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“**Obligated Person**” means 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 Bonds.

“**Official Statement**” means the Official Statement relating to the Bonds dated March 8, 2017.

“**Purchaser**” means J.P. Morgan Securities LLC, as representative of the underwriters of the Bonds.

“**Rule**” means Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended and as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“**Series**” means, individually, the series of Series 2017A Bonds, the Series 2017B Bonds, the Series 2017C Bonds or the Series 2017D Bonds.

“**Series 2017 Bonds**” or the “**Bonds**” means collectively the City of Kansas City, Missouri Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A (the “Series 2017A Bonds”), Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B (the “Series 2017B Bonds”), Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the “Series 2017C Bonds”) and Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D (the “Series 2017D Bonds”).

Section 2. Obligations to Providing Continuing Disclosure.

(a) Obligations of the City.

(i) The City hereby undertakes, for the benefit of the holders and Beneficial Owners of each Series of the Bonds, as applicable, to provide to the MSRB, no later than 270 days after the end of each Fiscal Year, commencing with the Fiscal Year ending April 30, 2017, the Annual Information relating to such Fiscal Year.

(ii) If audited financial statements of the type described in **Section 3(a)(i)** below are to be provided as part of the Annual Information but are not available to be submitted with the rest of the Annual Information on or before the date provided in the immediately preceding subsection, unaudited financial statements shall be submitted and the audited financial statements shall be submitted to the MSRB, if and when they become available.

(iii) The Paying Agent, if other than an officer of the City, shall notify the City of the occurrence of any of the Material Events with respect to the applicable Series of Bonds listed in **Section 2(a)(iv)** hereof, promptly upon becoming aware of the occurrence of any such event.

(iv) In a timely manner not in excess of 10 business days after the occurrence of any of the following events, the City shall give, or cause to be given, to the MSRB, notice of the occurrence of any of the following events with respect to the applicable Series of Bonds (collectively, the “**Material Events**”):

- (A) principal and interest payment delinquencies;
- (B) non-payment related defaults, if material;
- (C) unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) substitution of credit or liquidity providers, or their failure to perform;
- (F) 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;
- (G) modifications to the rights of holders of the Bonds, if material;
- (H) Bond calls, if material, and tender offers;
- (I) defeasances;
- (J) release, substitution or sale of property securing repayment of the Bonds, if material;
- (K) rating changes;
- (L) bankruptcy, insolvency, receivership or similar event of the City;
- (M) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) appointment of a successor or additional trustee, or the change of name of the trustee, if material.

(v) The City shall also provide to the MSRB, as promptly as practicable, notice of any failure of the City to provide the MSRB the Annual Information required by **Section (a)(i)** or **2(a)(ii)** on or before the date specified.

(b) Termination or Modification of Disclosure Obligation. The obligations of the City hereunder with respect to a Series of Bonds may be terminated if the City is no longer an “obligated person” with respect to the Bonds of such Series within the meaning of the Rule, as amended from time to time. Upon any such termination, the City shall provide written notice thereof to the MSRB.

(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 voluntarily disseminates 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 Information.

(a) Specified Information. The Annual Information shall consist of (i) financial data of the type included in Appendix A to the Official Statement under the heading “FINANCIAL STATEMENTS OF THE CITY OF KANSAS CITY, MISSOURI” and (ii) the data of the type included in Appendix C to the Official Statement under the heading “INFORMATION REGARDING THE CITY OF KANSAS CITY, MISSOURI.”

(b) Incorporation by Reference. All or any portion of the Annual Information of the City may be provided by specific incorporation by reference to any other documents which have been filed with the MSRB and/or the Securities Exchange Commission.

(c) Information Categories. The requirements contained in this Undertaking under **Section 3(a)** are intended to set forth a general description of the type of financial information and operating data to be provided by the City and such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of **Section 3(a)** call for information that no longer can be generated or relates to operations that 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 (but only if audited financial statements are otherwise available for such Fiscal Year). The annual financial statements may be provided by specific incorporation by reference to any other documents which have been filed with the Securities and Exchange Commission and the MSRB.

Section 5. Remedies. If the City should fail to comply with a provision of this Undertaking, then any holder or Beneficial Owner of the Bonds of a Series may enforce, for the equal benefit and protection of all the holders or Beneficial Owners of the Bonds of such Series 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 Undertaking; provided that the sole and exclusive remedy for breach of this 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 conditions

upon the provisions of the Trust Indenture with respect to the enforcement of remedies of holders upon the occurrence of an Event of Default thereunder as though such provisions applied hereunder. Failure of the City to perform its obligations hereunder shall not constitute an Event of Default under the applicable Indenture.

Section 6. Parties in Interest. The provisions of this Undertaking shall inure solely to the benefit of holders and Beneficial Owners from time to time of the Bonds of a Series and shall create no rights in any other person or entity.

Section 7. Amendments.

(a) Without the consent of the holders or Beneficial Owners of the Bonds of any Series, the City and the trustee for the Series of Bonds, at any time and from time to time, may together enter into amendments or changes to this Undertaking for any purposes with respect to such Series of Bonds, 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 the Rule on the date hereof, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, the Rule, 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 affected Series of Bonds.

(b) Annual 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 Information being provided for such Fiscal Year. If a change in accounting principles is included in any such amendment, such Annual 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 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 Undertaking shall remain in full force and effect with respect to each Series of Bonds until such time as all principal, redemption premium, if any, and interest on the Bonds of such Series shall have been paid in full or the Bonds of such Series shall have otherwise been paid or legally defeased pursuant to the Indenture for such Series; provided, however, that if the Rule (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 the Rule (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 of such Series, then the information to be provided hereunder, insofar as it was required to be provided by a provision of the Rule so declared, shall no longer be required to be

provided hereunder. Upon any legal defeasance, 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 regarding this Undertaking may be given as follows:

City of Kansas City, Missouri
414 East 12th Street, 1st Floor
Kansas City, Missouri 64106
Attention: City Treasurer
Telephone: (816) 513-1019
Facsimile: (816) 513-1020

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 10. Governing Law. THIS UNDERTAKING SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MISSOURI WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW; PROVIDED, HOWEVER, THAT TO THE EXTENT THIS UNDERTAKING ADDRESSES MATTERS OF FEDERAL SECURITIES LAWS, INCLUDING THE RULE, THIS UNDERTAKING SHALL BE GOVERNED BY SUCH FEDERAL SECURITIES LAWS AND OFFICIAL INTERPRETATIONS THEREOF.

Section 11. Counterparts. This Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

[Remainder of page intentionally left blank.]

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

DATED: March 23, 2017.

CITY OF KANSAS CITY, MISSOURI, as the
Obligated Person

By: _____

Name: Randall J. Landes

Title: Director of Finance

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APPENDIX F

BOOK-ENTRY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2017 Bonds. The Series 2017 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 each series of the Series 2017 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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.

Purchases of the Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2017 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 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2017 Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 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 2017 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 2017 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2017

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.

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 the Series 2017 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Series 2017 Bonds may wish to ascertain that the nominee holding the Series 2017 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 Bond 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 2017 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2017 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 issuer 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).

Principal and interest payments on the Series 2017 Bonds will be made to Cede & Co., or such other name as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the applicable Bond 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 applicable Bond Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the responsibility of the applicable Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and the disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2017 Bonds at any time by giving notice to the City or the applicable Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2017 Bond certificates are required to be printed and delivered.

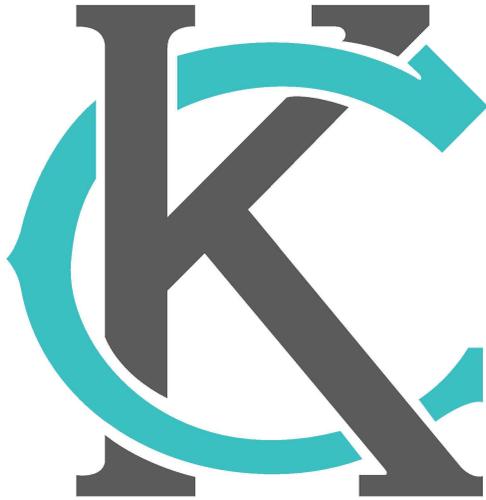
The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2017 Bond certificates will be printed and delivered.

THE INFORMATION IN THIS APPENDIX CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY BELIEVES

TO BE RELIABLE, BUT THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

NEITHER THE CITY NOR ANY TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE Series 2017 Bonds; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER ANY INDENTURE; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDOWNER.

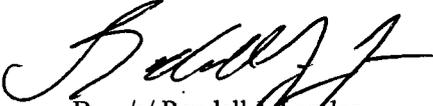
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The City has reviewed the information contained herein which relates to it and has approved all such information for use in this Official Statement.

CITY OF KANSAS CITY, MISSOURI



By: /s/ Randall J. Landes
Randall J. Landes
Director of Finance

Consent of Independent Certified Public Accountants

City of Kansas City, Missouri
Kansas City, Missouri

We agree to the inclusion of our audit report dated October 31, 2016 on our audit of the financial statements of the City of Kansas City, Missouri for the year ended April 30, 2016, in the Official Statement for the City of Kansas City, Missouri Special Obligation Bonds Series 2017A, Series 2017B, Series 2017C and Series 2017D.

BKD, LLP

Kansas City, Missouri
March 15, 2017



Office of the City Clerk

25th Floor, City Hall
414 East 12th Street
Kansas City, Missouri 64106

(816) 513-6401
Fax: (816) 513-3353

CERTIFICATE OF THE CITY CLERK

I, Marilyn Sanders, City Clerk of Kansas City, Missouri, certify the attached is a true and correct copy of:

Chapter(s):

Charter Section(s):

Ordinance(s): Ordinance 170132, Passed, February 23, 2017

Other(s):

The above appears in records and is on file in the Office of the City Clerk, 25th Floor, City Hall, Kansas City, Missouri.

IN TESTIMONY WHEREOF, I have set my hand and affixed the seal of the City on this 10th day of March, 2017.

**Marilyn Sanders
City Clerk**

By

A handwritten signature in black ink, appearing to read 'Raeguel Adams', written over a horizontal line.

Deputy City Clerk

ORDINANCE NO. 170132

Approving the issuance by the City of Kansas City Missouri of its special obligation bonds in four series (collectively, the "Series 2017 Bonds"), one to finance certain projects with an estimated cost of \$23,250,000.00 on a taxable basis, one to finance and refinance certain projects with an estimated cost of \$20,631,937.00 on a tax-exempt basis, one to refund a portion of the bonds issued by The Industrial Development Authority of the City of Kansas City, Missouri to finance the Kansas City Downtown Redevelopment District and one to refund bonds issued by The Industrial Development Authority of the City of Kansas City, Missouri to refinance the Midtown Redevelopment Project, such Series 2017 Bonds to be issued in an aggregate principal amount not to exceed \$175,000,000.00; approving and authorizing certain documents and actions relating to the issuance of the Series 2017 Bonds; approving additional tax increment financing for the Linwood Tax Increment Financing Plan; renaming Fund No. 3436 the Special Obligation Series 2017 Taxable Bond Fund; renaming Fund No. 3437 the Special Obligation Series 2017 Tax-Exempt Bond Fund; estimating revenues and appropriating \$6,000,000.00 in the Special Obligation Series 2017 Tax-Exempt Bond Fund (Fund 3437); designating requisitioning authority and authorizing the Director of Finance to close project accounts; declaring the City's intent to reimburse itself from bond proceeds; and recognizing an accelerated effective date.

WHEREAS, the City of Kansas City, Missouri (the "City") is authorized under its charter to issue its bonds or other obligations in evidence thereof; and

WHEREAS, the City proposes to issue its Taxable Special Obligation Bonds (Kansas City, Missouri Projects), which shall be designated the Series 2017A Bonds or such other series designation as the Director of Finance shall determine (the "Series 2017A Bonds"), to provide funds: (a) to acquire, construct, reconstruct and/or improve certain projects within the City with an estimated aggregate cost of \$23,250,000.00, as set forth on Schedule I attached hereto and made a part hereof by reference (the "Taxable City Projects"), (b) to fund a debt service reserve fund for the Kansas City Municipal Assistance Corporation Tax-Exempt Leasehold Improvement Revenue Bonds (H. Roe Bartle Convention Center and Infrastructure Project) Series 2004B-1 (the "Series 2004B-1 Bonds"), (c) to pay capitalized interest on that portion of the Series 2017A Bonds that finances the herein-defined Linwood Project Improvements (the "Series 2017A Linwood Project Portion") and (d) to pay certain costs related to the issuance of the Series 2017A Bonds; and

WHEREAS, pursuant to Ordinance No. 160448 passed by the City on June 16, 2016, the City Council accepted the recommendations of the Tax Increment Financing Commission of Kansas City, Missouri (the "Commission") as to the Linwood Shopping Center Tax Increment Financing Plan (the "Linwood Plan"), approved the Linwood Plan and designated the Redevelopment Area for such Linwood Plan (the "Linwood Redevelopment Area") pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, RSMo, as amended (the "TIF Act"); and

WHEREAS, one of the City Projects shown on Schedule I is the financing of project improvements for the Linwood Plan (the "Linwood Project Improvements"), and in connection therewith the City Council desires to provide additional financing for costs certified by the

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Commission related to the implementation of the Linwood Project Improvements (the "Linwood Certified Costs") by committing, subject to appropriation and collection, in addition to the revenues available under the TIF Act, certain additional revenues from taxes which are imposed by the City and generated by economic activities within the Linwood Redevelopment Area, which are not subject to capture in accordance with the TIF Act and would otherwise be deposited into the City's general municipal funds, to be used for payment of Linwood Certified Costs (the "Super-TIF"); and

WHEREAS, pursuant to Ordinance No. 160431, As Amended, passed by the City on July 14, 2016, the City approved Phase One of the plan to preserve and enhance the 18th and Vine Historic District within the City (the "18th and Vine Plan"), approved bond funding of Phase One of the 18th and Vine Plan in the amount of \$7,000,000.00 (which will be financed with the proceeds of the Series 2017A Bonds as indicated on Schedule 1), and established Fund No. 3436, the Series 2017A Bond Fund, in the records of the City; and

WHEREAS, the City previously issued its Special Obligation Bond Anticipation Bonds (Streetcar System Expansion Project) Series 2014D, a portion of the proceeds of which were applied to finance certain capital costs associated with the creation by the City in conjunction with the State of Missouri (the "State"), of an Assessment Triage Center to serve people with a mental illness or substance use disorder, located in a building leased to the City by the State (the "Crisis Center Project"), which portion will be currently refunded with proceeds of the hereinafter-defined Series 2017B Bonds (the "Refunded Series 2014D Bonds") to refinance the Crisis Center Project; and

WHEREAS, the City proposes to issue its Special Obligation Bonds (Kansas City, Missouri Projects), which shall be designated the Series 2017B Bonds or such other series designation as the Director of Finance shall determine (the "Series 2017B Bonds"), to provide funds: (a) to acquire, construct, reconstruct and/or improve certain projects within the City and to refinance the Crisis Center Project by the refunding of the Refunded Series 2014D Bonds with an estimated aggregate cost of \$20,631,937.00 as set forth on Schedule II attached hereto and made a part hereof by reference (the "Tax-Exempt City Projects") and (b) to pay certain costs related to the issuance of the Series 2017B Bonds; and

WHEREAS, the Industrial Development Authority of the City of Kansas City, Missouri (the "Authority") previously issued its Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A in the aggregate principal amount of \$115,015,000.00 (the "Series 2005A Bonds") to pay a portion of the costs of a downtown retail/entertainment district, together with necessary infrastructure improvements and the construction of public parking facilities within the retail/entertainment district (the "Kansas City Downtown Redevelopment District Project"); and

WHEREAS, on June 6, 2007, the Series 2005A Bonds were restructured and converted to a fixed rate of interest in the principal amount of \$114,915,000.00; and

WHEREAS, pursuant to the authority of the Downtown and Rural Economic Stimulus Act, Sections 99.915 to 99.1060, inclusive, of the Revised Statutes of Missouri, as amended (the "DESA Act"), the City Council of the City previously approved the formation of the Downtown

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Economic Stimulus Authority of Kansas City, Missouri (“DESA”), and determined that in order to implement a portion of the Kansas City Downtown Redevelopment District Project, the City would utilize the statutory powers, functions and duties of certain statutory authorities including DESA; and

WHEREAS, the proceeds of the Series 2005A Bonds were used solely for authorized Development Project Costs within the meaning of the DESA Act; and

WHEREAS, the City and DESA previously entered into an agreement which set forth their cooperative agreement regarding the funding of the repayment of the Series 2005A Bonds and the use of revenues available under the DESA Act (“DESA Revenues”); and

WHEREAS, the City proposes to issue its Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), which shall be designated the Series 2017C Bonds or such other series designation as the Director of Finance shall determine (the “Series 2017C Bonds”), to provide funds: (a) to refund all or a portion of the currently outstanding Series 2005A Bonds of the Authority (the “Refunded Series 2005A Bonds”) and (b) to pay certain costs related to the issuance of the Series 2017C Bonds; and

WHEREAS, at the request of the City, the Authority and the Commission assisted the City in refunding prior series of bonds issued by the Missouri Development Finance Board (the “Board”), and the Authority previously issued its \$47,705,000.00 Infrastructure Facilities Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the “Series 2007A Bonds”) to provide funds to refund two prior series of bonds issued by the Board, including its then outstanding Infrastructure Facilities Revenue Bonds (Kansas City, Missouri - Midtown Redevelopment Project) Series 2000A (the “Series 2000A Midtown Bonds”), which were issued by the Board to finance and refinance that certain redevelopment project (the “Midtown Redevelopment Project”) authorized by the Midtown Tax Increment Financing Plan dated April 1, 1993, as amended (the “Midtown Redevelopment Plan”); and

WHEREAS, the Authority, the City and the Commission previously entered into an agreement wherein, among other things, the Commission agreed to assign certain Incremental Tax Revenues (as defined therein) to the City in connection with that portion of the Series 2007A Bonds allocable to the Midtown Redevelopment Project; and

WHEREAS, the Board, the City, the Trustee, the Missouri Department of Economic Development (the “Department”) and the redeveloper under the Midtown Redevelopment Plan previously entered into an agreement wherein the Department authorized the use of State Sales Tax Revenues (as defined therein) for the Midtown Redevelopment Project; and

WHEREAS, the City proposes to issue its Special Obligation Refunding Bonds (Midtown Redevelopment Project), which shall be designated the Series 2017D Bonds or such other series designation as the Director of Finance shall determine (the “Series 2017D Bonds”), to provide funds: (a) to refund all of the currently Outstanding Series 2007A Bonds of the Authority (the “Refunded Series 2007A Bonds”) and (b) to pay certain costs related to the issuance of the Series 2017D Bonds; and

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WHEREAS, the Series 2017A Bonds, Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds are referred to collectively herein as the “2017 Bonds”; and

WHEREAS, the Series 2017A and Series 2017B Bonds shall be issued pursuant to a Trust Indenture (the “Series 2017A and 2017B Indenture”), by and between the City and UMB Bank, N.A., as Trustee (the “Trustee”); and

WHEREAS, the Series 2017C Bonds shall be issued pursuant to a Trust Indenture (the “Series 2017C Indenture”) by and between the City and the Trustee; and

WHEREAS, the Series 2017D Bonds shall be issued pursuant to a Trust Indenture (the “Series 2017D Indenture”) by and between the City and the Trustee; and

WHEREAS, the Series 2017A and 2017B Indenture, the Series 2017C Indenture and the Series 2017D Indenture are referred to collectively herein as the “Indentures,” the Refunded Series 2005A Bonds, the Refunded Series 2007A Bonds and the Refunded Series 2014D Bonds are referred to collectively herein as the “Refunded Bonds,” the Series 2017 Bonds issued on a tax-exempt basis are referred to collectively herein as the “Tax-Exempt Bonds” and the Series 2017 Bonds issued on a taxable basis are referred to collectively herein as the “Taxable Bonds”; and

WHEREAS, in order to enhance the security for the Series 2017 Bonds and achieve a lower cost of borrowing, it may be desirable for the City to arrange for a municipal bond insurance policy, letter of credit or other credit enhancement facility, insuring or guaranteeing the payment of the principal of and interest on the Series 2017 Bonds and/or a surety bond or debt service reserve fund policy for any debt service reserve fund, to be issued by a bond insurance company, commercial bank or other financial institution acceptable to the City; and

WHEREAS, the City has found and determined that the financing of the Tax-Exempt City Projects and the Taxable City Projects and the refunding of the Refunded Bonds as described above will benefit the citizens of the City; and

WHEREAS, the City reserves the right to not refund the Refunded Bonds, in whole or in part, in the event that the Director of Finance determines that such refunding would not be of benefit to the City, for example, if such refunding would result in insufficient net present value savings; and

WHEREAS, it is expected that the Tax-Exempt City Projects will be financed with the proceeds of Tax-Exempt Bonds, however, any such project may be financed with the proceeds of Taxable Bonds in whole or in part, and it is further expected that the Taxable City Projects will be financed with the proceeds of Taxable Bonds, however, any such project may be financed with the proceeds of Tax-Exempt Bonds in whole or in part, in each case if the Director of Finance determines that such issuance would be in the best interests of the City, acting upon the recommendation of co-bond counsel; and

WHEREAS, it is expected that each of the Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds will be issued as Tax-Exempt Bonds, however, each such series may be issued as Taxable Bonds in whole or in part if the Director of Finance, acting upon the

ORDINANCE NO. 170132

recommendation of co-bond counsel, determines that such issuance would be in the best interests of the City; and

WHEREAS, in order to accomplish the foregoing, it is necessary and desirable that the City approve the transactions described in this Ordinance and the execution and delivery of the financing documents and certain other matters in connection with the transaction, as herein provided;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. Authorization of Bonds; Authorization and Execution of Bond Purchase Agreement and Certificates of Final Terms. The City hereby authorizes the issuance of its Series 2017 Bonds in the aggregate principal amount not to exceed \$175,000,000.00. The City hereby authorizes the issuance of its Series 2017A Bonds for the purpose of providing funds for the following: (a) to finance the Taxable City Projects, (b) to fund a debt service reserve fund for the Series 2004B-1 Bonds, (c) to pay capitalized interest on a portion of the Series 2017A Bonds and (d) to pay certain costs of issuance of the Series 2017A Bonds. The City hereby authorizes the issuance of its Series 2017B Bonds for the purpose of providing funds for the following: (a) to finance and refinance the Tax-Exempt City Projects, including refunding the Refunded Series 2014D Bonds and (b) to pay certain costs of issuance of the Series 2017B Bonds. The City hereby authorizes the issuance of its Series 2017C Bonds for the purpose of providing funds for the following: (a) to refund the Refunded Series 2005A Bonds and (b) to pay certain costs of issuance of the Series 2017C Bonds. The City hereby authorizes the issuance of its Series 2017D Bonds for the purpose of providing funds for the following: (a) to refund the Refunded Series 2007A Bonds and (b) to pay certain costs related to the issuance of the Series 2017D Bonds. Each series of the Series 2017 Bonds shall be dated the date set forth in the applicable Indenture and applicable form of Bond. The Tax-Exempt Bonds shall bear interest at rates initially not to exceed a true interest cost of 4.75% and the Taxable Bonds shall bear interest at rates initially not to exceed a true interest cost of 5.75%. Each series of the Series 2017 Bonds shall have such other terms and provisions as shall be provided in the applicable Indenture and the Bond Purchase Agreement approved by the Director of Finance.

The Director of Finance is hereby authorized and directed to approve the purchase price for each series of the Series 2017 Bonds, the principal amounts by maturity, the interest rates, the terms of credit enhancement, if any, and the other final terms of the Series 2017 Bonds, including applicable redemption provisions, subject to the limitations set forth in this Section, and in that connection, to execute and deliver, for each series of the Series 2017 Bonds, the Certificate of Final Terms for and on behalf of and as the act and deed of the City, which approval will be conclusively evidenced by the Director of Finance's execution of the Certificate of Final Terms. Upon execution, the Certificate of Final Terms for the Series 2017A Bonds will be attached to this Ordinance as **Exhibit A-1**, the Certificate of Final Terms for the Series 2017B Bonds will be attached to this Ordinance as **Exhibit A-2**, the Certificate of Final Terms for the Series 2017C Bonds will be attached to this Ordinance as **Exhibit A-3** and the Certificate of Final Terms for the Series 2017D Bonds will be attached to this Ordinance as **Exhibit A-4** and the City Clerk is hereby authorized to file each such Certificate of Final Terms with this Ordinance. The City is authorized to enter into a Bond Purchase Agreement for the Series 2017

ORDINANCE NO. 170132

Bonds in accordance with the Certificates of Final Terms. The Director of Finance is authorized to execute the Bond Purchase Agreement for and on behalf of and as the act and deed of the City.

Section 2. Limited Obligations. Each series of the Series 2017 Bonds and the interest thereon shall be special, limited obligations of the City payable solely out of Appropriated Moneys (as defined in the applicable Indenture) and moneys in the Funds and Accounts held by the Trustee under such Indenture (other than the Rebate Fund), and shall be secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the applicable Bonds. Each series of the Series 2017 Bonds and interest thereon shall not be deemed to constitute a debt or liability of the City within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the City, but shall be payable solely from the funds provided for in the Indenture. The issuance of the Series 2017 Bonds shall not, directly, indirectly or contingently, obligate the City to levy any form of taxation therefor or to make any appropriation for their payment.

Section 3. Authorization and Approval of Financing Documents. The proposed documents relating to the financing (the "Financing Documents") are hereby approved in substantially the forms submitted to the City Council, and the Director of Finance is authorized to execute and deliver the Financing Documents with such changes therein and additions thereto as the Director of Finance deems necessary or appropriate.

(a) Indentures.

(b) Tax Compliance Agreement between the City and the Trustee relating to the Tax-Exempt Bonds, or any series thereof, which sets forth certain representations, facts, expectations, terms and conditions relating to the use and investment of the proceeds of such Tax-Exempt Bonds, to establish and maintain the exclusion of interest on such Bonds from gross income for federal income tax purposes, and to provide guidance for complying with the arbitrage rebate provisions of Section 148(f) of the Internal Revenue Code.

(c) Continuing Disclosure Undertaking relating to the Series 2017 Bonds, or any series thereof, under which the City agrees to provide continuing disclosure of certain financial information, operating data and material events, for the benefit of the owners of such Bonds and to assist the Underwriters thereof in complying with Rule 15c2-12 of the Securities and Exchange Commission.

(d) Bond Purchase Agreement relating to the Series 2017 Bonds, or any series thereof, between the City and the Underwriters of such Bonds, under which the City agrees to sell and the Underwriters agree to purchase the Series 2017 Bonds, upon such terms and conditions thereof as set in such Bond Purchase Agreement and the Certificates of Final Terms, as described in **Section 1**.

(e) Financing Agreement, Cooperative Agreement or comparable agreement, relating to any series of Bonds that finances or refinances a project authorized under the

ORDINANCE NO. 170132

TIF Act and/or the DESA Act, with the Commission, DESA, the Board, the Department or other applicable entity, including but not limited to:

- (i) An agreement with the Commission whereby the City and Commission agree to utilize certain economic activity taxes, as defined by the TIF Act, for the debt service on the Series 2017A Bonds Linwood Project Portion.
- (ii) An agreement with the Commission whereby the City commits to provide Super-TIF for the debt service on the Series 2017A Bonds Linwood Project Portion.
- (iii) An agreement with DESA relating to the use of DESA Revenues for the Kansas City Downtown Redevelopment District Project and the Series 2017C Bonds.
- (iv) An agreement with the Commission whereby the Commission agrees to assign certain Incremental Tax Revenues relating to the Midtown Redevelopment Project to the City in connection with the Series 2017D Bonds.
- (v) An agreement with the Department relating to the use of State Sales Tax Revenues for the Midtown Redevelopment Project and the Series 2017D Bonds.
- (f) A Supplemental Financing Agreement or other agreement with the Authority relating to the refunding of the Refunded Series 2005A Bonds.
- (g) An Escrow Agreement or other escrow instruction between the City and the applicable Trustee or Escrow Agent relating to the refunding of the applicable series of Refunded Bonds.

The City Council further approves the execution and delivery by the City of any documents which may be required in connection with the execution and delivery by the City of the Indentures and issuance of the Series 2017 Bonds and of such other documents as the Director of Finance deems necessary or appropriate in connection with the transactions authorized by this Ordinance.

Section 4. Credit Enhancement. The City hereby authorizes the Director of Finance to obtain a bond insurance policy, letter of credit or other credit enhancement ("Credit Enhancement") for some or all of the Series 2017 Bonds and the purchase of a surety bond or debt service reserve fund policy for any debt service reserve fund, if necessary or desired, from a credit provider with such credit rating that, in the opinion of the applicable Underwriters, the Financial Advisors and the Director of Finance, there will be achieved an economic benefit for the City if the Series 2017 Bonds are secured by such Credit Enhancement. The purchase of such Credit Enhancement and the entering into of such agreements with respect thereto as may be necessary or appropriate are hereby approved. Such credit enhancement may be such type, in such amount and provided by such entity or entities as the Director of Finance shall determine to be in the best interest of the City. The officials of the City are authorized and directed to execute

ORDINANCE NO. 170132

all documents, agreements, instruments and certificates in connection with such credit enhancement.

Section 5. Official Statement. The City hereby delegates authority to the Director of Finance to prepare, approve and deem final any Preliminary Official Statement and any final Official Statement, with the signature of the Director of Finance thereon being conclusive evidence of the Director's approval and the City's approval thereof and to approve the final terms of each series of the Series 2017 Bonds, including any credit enhancement of a series of the Series 2017 Bonds. The City hereby consents to the use and public distribution of any Preliminary Official Statement and any final Official Statement in connection with the offering for sale of each series of the Series 2017 Bonds.

Section 6. Approval of Selection of Professionals.

(a) The City approves the selection of FirstSouthwest, a Division of Hilltop Securities Inc., and Moody Reid Financial Advisors to act as Co-Financial Advisors in connection with the issuance of the Series 2017 Bonds. The City approves the selection of Kutak Rock LLP and the Hardwick Law Firm LLC to act as Co-Bond Counsel in connection with the issuance of the Series 2017 Bonds. The City approves the selection of Kutak Rock LLP and the Hardwick Law Firm LLC to act as Co-Disclosure Counsel in connection with the issuance of the Series 2017 Bonds.

(b) The City approves the selection of J.P. Morgan Securities LLC or an affiliate thereof to act as senior Underwriter in connection with the issuance of the Series 2017 Bonds, and authorizes the Director of Finance to select the remaining members of the underwriting syndicate.

Section 7. Renaming of Fund No. 3436. That the name of Fund No. 3436 is hereby changed to the Special Obligation Series 2017 Taxable Bond Fund.

Section 8. Renaming of Fund No. 3437. That the name of Fund No. 3437 is hereby changed to the Special Obligation Series 2017 Tax-Exempt Bond Fund.

Section 9. Estimation of Revenue. That the revenue in the following account of Fund No. 3437, the Special Obligation Series 2017 Tax-Exempt Bond Fund, is hereby estimated in the following amount:

AL-3437-120000-590000	Bond Proceeds	\$6,000,000.00
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Section 10. Appropriation. That the sum of \$6,000,000.00 is hereby appropriated from the Unappropriated Fund Balance of Fund No 3437, the Special Obligation Series 2017 Tax-Exempt Bond Fund, to the following account:

AL-3437-707773-B-70155505	Museum Capital Maintenance	\$6,000,000.00
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Section 11. Designating Authorities. The Director of Parks and Recreation is hereby designated as requisitioning authority for Account No. AL-3437-707773.

ORDINANCE NO. 170132

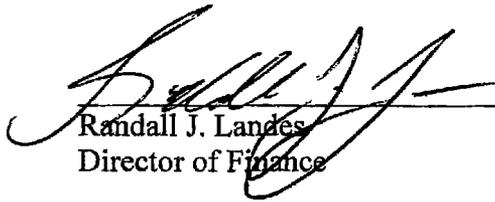
Section 12. **Closing Project Accounts.** The Director of Finance is hereby authorized to close project accounts upon applicable project completion and return the unspent portion of the appropriation to the Fund Balance from which it came.

Section 13. **Declaration of Intent.** The City hereby declares its official intent to reimburse itself for certain expenditures made within sixty (60) days prior to or on and after the date of this ordinance with respect to the improvements to the Kansas City Museum (the "Museum Project") with the proceeds of bonds expected to be issued by the City. The maximum principal of amount of bonds expected to be issued for the Museum Project is not to exceed \$6,000,000.00. The City also declares its official intent to reimburse itself for any expenditures made on any Taxable City Project, to the extent that the Director of Finance hereafter determines that any such project should be financed with proceeds of Tax-Exempt Bonds, with a maximum principal amount of \$23,250,000.00 for such projects. This constitutes a declaration of official intent under Treasury Regulation Section 1.150-2.

Section 14. **Further Authority.** The officials of the City are further authorized and directed to execute such documents, instruments and certificates and to take such further actions on behalf of the City as shall be necessary or desirable to effect the terms and provisions of this Ordinance.

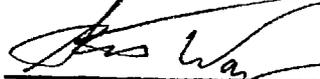
Section 15. **Declaration of Accelerated Effective Date.** This Ordinance is recognized as an ordinance with an accelerated effective date as provided by Section 503(a)(3)(C) of the City Charter in that it appropriates money, and shall take effect in accordance with that section.

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.


Randall J. Landes
Director of Finance



Authenticated as Passed


Sly James, Mayor


Marilyn Sanders, City Clerk
FEB 23 2017

Approved as to form and legality:


Sarah Baxter
Assistant City Attorney

Date Passed _____

SCHEDULE I

Taxable City Projects

<u>Description of Project</u>	<u>Estimated Cost of Project*</u>
Linwood Shopping Center	\$ 16,250,000.00
18 th & Vine, Phase 1	7,000,000.00
TOTAL	\$23,250,000.00

* Estimated Project costs represent the estimates of the City as of the date hereof and are included for informational purposes only. Nothing contained herein shall limit or prevent the City from expending Series 2017A proceeds or proceeds of another series of Series 2017 Bonds (subject to satisfaction of the requirements of the applicable Tax Compliance Agreement) on any of the identified Series 2017A Projects in such amounts as the Director of Finance determines is necessary and appropriate.

ORDINANCE NO. [R-2017-00117]

SCHEDULE II

Tax-Exempt City Projects

<u>Description of Project</u>	<u>Estimated Cost of Project*</u>
Peoplesoft Upgrade	\$ 5,099,736.00
Energov Permitting System	1,548,201.00
Kansas City Museum	6,000,000.00
Zoo Security Cameras	1,800,000.00
Refinancing of Crisis Center	1,510,000.00
Fuel Stations	4,674,000.00
TOTAL	\$20,631,937.00

* Estimated Project costs represent the estimates of the City as of the date hereof and are included for informational purposes only. Nothing contained herein shall limit or prevent the City from expending Series 2017B proceeds or proceeds of another series of Series 2017 Bonds on any of the identified Series 2017B Projects in such amounts as the Director of Finance determines is necessary and appropriate.

ORDINANCE NO. [R-2017-00117]

EXHIBIT A-1
CERTIFICATE OF FINAL TERMS
SERIES 2017A BONDS

The undersigned Director of Finance of the City of Kansas City, Missouri (the "City"), in connection with the issuance of the City's \$_____ Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A (the "Series 2017A Bonds"), certifies pursuant to Section 1 of Ordinance No. _____ of the City (the "Ordinance"), as follows:

1. Original Principal Amount. The Series 2017A Bonds are issued in the original principal amount of \$_____.
2. Maturity Schedule. The Series 2017A Bonds will mature on the dates and in the amounts and bear interest at the rates as set forth in the Trust Indenture dated as of March 1, 2017 (the "Indenture") by and between the City and UMB Bank, N.A., as Trustee, and as summarized on Schedule __ to this Certificate.
3. True Interest Cost: The true interest cost of the Series 2017A Bonds is _____%, as shown on Schedule __ to this Certificate.
4. Purchase Price. The purchase price of the Series 2017A Bonds is \$_____, representing \$_____ principal amount, less Underwriters' discount of \$_____.
5. Optional Redemption. The Series 2017A Bonds are subject to optional redemption pursuant to the Indenture on the dates and in the amounts as set forth therein.

The terms set forth in this Certificate of Final Terms are within the limitations of Section 1 of the Ordinance.

Delivered this ____ day of March, 2017.

CITY OF KANSAS CITY, MISSOURI

By: _____
Randall J. Landes
Director of Finance

ORDINANCE NO. [R-2017-00117]

EXHIBIT A-2
CERTIFICATE OF FINAL TERMS
SERIES 2017B BONDS

The undersigned Director of Finance of the City of Kansas City, Missouri (the "City"), in connection with the issuance of the City's \$_____ Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B (the "Series 2017B Bonds"), certifies pursuant to Section 1 of Ordinance No. _____ of the City (the "Ordinance"), as follows:

1. Original Principal Amount. The Series 2017B Bonds are issued in the original principal amount of \$_____.
2. Maturity Schedule. The Series 2017B Bonds will mature on the dates and in the amounts and bear interest at the rates as set forth in the Trust Indenture dated as of March 1, 2017 (the "Indenture") by and between the City and UMB Bank, N.A., as Trustee, and as summarized on Schedule ___ to this Certificate.
3. True Interest Cost: The true interest cost of the Series 2017B Bonds is _____%, as shown on Schedule ___ to this Certificate.
4. Purchase Price. The purchase price of the Series 2017B Bonds is \$_____, representing \$_____ principal amount, plus net original issue premium of \$_____, less Underwriters' discount of \$_____.
5. Optional Redemption. The Series 2017B Bonds are subject to optional redemption pursuant to the Indenture on the dates and in the amounts as set forth therein.

The terms set forth in this Certificate of Final Terms are within the limitations of Section 1 of the Ordinance.

Delivered this ____ day of March, 2017.

CITY OF KANSAS CITY, MISSOURI

By: _____
Randall J. Landes
Director of Finance

ORDINANCE NO. [R-2017-00117]

EXHIBIT A-3
CERTIFICATE OF FINAL TERMS
SERIES 2017C BONDS

The undersigned Director of Finance of the City of Kansas City, Missouri (the "City"), in connection with the issuance of the City's \$_____ Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the "Series 2017C Bonds"), certifies pursuant to Section 1 of Ordinance No. _____ of the City (the "Ordinance"), as follows:

1. Original Principal Amount. The Series 2017C Bonds are issued in the original principal amount of \$_____.
2. Maturity Schedule. The Series 2017C Bonds will mature on the dates and in the amounts and bear interest at the rates as set forth in the Trust Indenture dated as of March 1, 2017 (the "Indenture") by and between the City and UMB Bank, N.A., as Trustee, and as summarized on Schedule ___ to this Certificate.
3. True Interest Cost: The true interest cost of the Series 2017C Bonds is _____%, as shown on Schedule ___ to this Certificate.
4. Purchase Price. The purchase price of the Series 2017C Bonds is \$_____, representing \$_____ principal amount, plus net original issue premium of \$_____, less Underwriters' discount of \$_____.
5. Optional Redemption. The Series 2017C Bonds are subject to optional redemption pursuant to the Indenture on the dates and in the amounts as set forth therein.

The terms set forth in this Certificate of Final Terms are within the limitations of Section 1 of the Ordinance.

Delivered this _____ day of March, 2017.

CITY OF KANSAS CITY, MISSOURI

By: _____
Randall J. Landes
Director of Finance

ORDINANCE NO. [R-2017-00117]

EXHIBIT A-4
CERTIFICATE OF FINAL TERMS
SERIES 2017D BONDS

The undersigned Director of Finance of the City of Kansas City, Missouri (the "City"), in connection with the issuance of the City's \$_____ Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D (the "Series 2017D Bonds"), certifies pursuant to Section 1 of Ordinance No. _____ of the City (the "Ordinance"), as follows:

1. Original Principal Amount. The Series 2017D Bonds are issued in the original principal amount of \$_____.
2. Maturity Schedule. The Series 2017D Bonds will mature on the dates and in the amounts and bear interest at the rates as set forth in the Trust Indenture dated as of March 1, 2017 (the "Indenture") by and between the City and UMB Bank, N.A., as Trustee, and as summarized on Schedule ___ to this Certificate.
3. True Interest Cost: The true interest cost of the Series 2017D Bonds is _____%, as shown on Schedule ___ to this Certificate.
4. Purchase Price. The purchase price of the Series 2017D Bonds is \$_____, representing \$_____ principal amount, plus net original issue premium of \$_____, less Underwriters' discount of \$_____.
5. Optional Redemption. The Series 2017D Bonds are subject to optional redemption pursuant to the Indenture on the dates and in the amounts as set forth therein.

The terms set forth in this Certificate of Final Terms are within the limitations of Section 1 of the Ordinance.

Delivered this ____ day of March, 2017.

CITY OF KANSAS CITY, MISSOURI

By: _____

Randall J. Landes
Director of Finance

EXHIBIT A-1
CERTIFICATE OF FINAL TERMS
SERIES 2017A BONDS

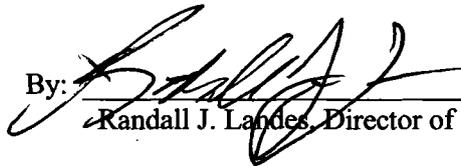
The undersigned Director of Finance of the City of Kansas City, Missouri (the "City"), in connection with the issuance of the City's \$31,610,000 Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A (the "Series 2017A Bonds"), certifies pursuant to Section 1 of Ordinance No. 170132 of the City (the "Ordinance"), as follows:

1. Original Principal Amount. The Series 2017A Bonds are issued in the original principal amount of \$31,610,000.
2. Maturity Schedule. The Series 2017A Bonds will mature on the dates and in the amounts and bear interest at the rates as set forth in the Trust Indenture dated as of March 1, 2017 (the "Indenture") by and between the City and UMB Bank, N.A., as Trustee, and as summarized on Schedule 1 to this Certificate.
3. True Interest Cost: The true interest cost of the Series 2017A Bonds is 4.283094%, as shown on Schedule 2 to this Certificate.
4. Purchase Price. The purchase price of the Series 2017A Bonds is \$31,470,805.39, representing \$31,610,000 principal amount, less Underwriters' discount of \$139,194.61.
5. Optional Redemption. The Series 2017A Bonds are subject to optional redemption pursuant to the Indenture on the dates and in the amounts as set forth therein.

The terms set forth in this Certificate of Final Terms are within the limitations of Section 1 of the Ordinance.

Delivered this 23rd day of March, 2017.

CITY OF KANSAS CITY, MISSOURI

By: 
Randall J. Landes, Director of Finance

SCHEDULE 1

BOND DEBT SERVICE

**Kansas City, MO
Taxable Special Obligation Bonds, Series 2017A**

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		Dated Date Delivery Date	03/23/2017 03/23/2017			
Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	
10/01/2017	375,000	1.375%	651,870.65	1,026,870.65		
04/01/2018			621,553.35	621,553.35		
04/30/2018					1,648,424.00	
10/01/2018	915,000	1.923%	621,553.35	1,536,553.35		
04/01/2019			612,755.63	612,755.63		
04/30/2019					2,149,308.98	
10/01/2019	930,000	2.104%	612,755.63	1,542,755.63		
04/01/2020			602,972.03	602,972.03		
04/30/2020					2,145,727.66	
10/01/2020	955,000	2.567%	602,972.03	1,557,972.03		
04/01/2021			590,714.61	590,714.61		
04/30/2021					2,148,686.64	
10/01/2021	980,000	2.808%	590,714.61	1,570,714.61		
04/01/2022			576,955.41	576,955.41		
04/30/2022					2,147,670.02	
10/01/2022	1,010,000	3.038%	576,955.41	1,586,955.41		
04/01/2023			561,613.51	561,613.51		
04/30/2023					2,148,568.92	
10/01/2023	1,045,000	3.287%	561,613.51	1,606,613.51		
04/01/2024			544,438.93	544,438.93		
04/30/2024					2,151,052.44	
10/01/2024	1,080,000	3.487%	544,438.93	1,624,438.93		
04/01/2025			525,609.13	525,609.13		
04/30/2025					2,150,048.06	
10/01/2025	1,120,000	3.610%	525,609.13	1,645,609.13		
04/01/2026			505,393.13	505,393.13		
04/30/2026					2,151,002.26	
10/01/2026	1,165,000	3.740%	505,393.13	1,670,393.13		
04/01/2027			483,607.63	483,607.63		
04/30/2027					2,154,000.76	
10/01/2027	1,205,000	3.860%	483,607.63	1,688,607.63		
04/01/2028			460,351.13	460,351.13		
04/30/2028					2,148,958.76	
10/01/2028	1,250,000	4.050%	460,351.13	1,710,351.13		
04/01/2029			435,038.63	435,038.63		
04/30/2029					2,145,389.76	
10/01/2029	1,305,000	4.150%	435,038.63	1,740,038.63		
04/01/2030			407,959.88	407,959.88		
04/30/2030					2,147,998.51	
10/01/2030	1,365,000	4.250%	407,959.88	1,772,959.88		
04/01/2031			378,953.63	378,953.63		
04/30/2031					2,151,913.51	
10/01/2031	1,425,000	4.350%	378,953.63	1,803,953.63		
04/01/2032			347,959.88	347,959.88		
04/30/2032					2,151,913.51	
10/01/2032	8,270,000	4.380%	347,959.88	8,617,959.88		
04/01/2033			166,846.88	166,846.88		
04/30/2033					8,784,806.76	
10/01/2033	895,000	4.625%	166,846.88	1,061,846.88		
04/01/2034			146,150.00	146,150.00		
04/30/2034					1,207,996.88	
10/01/2034	935,000	4.625%	146,150.00	1,081,150.00		
04/01/2035			124,528.13	124,528.13		
04/30/2035					1,205,678.13	

BOND DEBT SERVICE

**Kansas City, MO
Taxable Special Obligation Bonds, Series 2017A**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2035	980,000	4.625%	124,528.13	1,104,528.13	
04/01/2036			101,865.63	101,865.63	
04/30/2036					1,206,393.76
10/01/2036	1,025,000	4.625%	101,865.63	1,126,865.63	
04/01/2037			78,162.50	78,162.50	
04/30/2037					1,205,028.13
10/01/2037	1,075,000	4.625%	78,162.50	1,153,162.50	
04/01/2038			53,303.13	53,303.13	
04/30/2038					1,206,465.63
10/01/2038	1,125,000	4.625%	53,303.13	1,178,303.13	
04/01/2039			27,287.50	27,287.50	
04/30/2039					1,205,590.63
10/01/2039	1,180,000	4.625%	27,287.50	1,207,287.50	
04/30/2040					1,207,287.50
	31,610,000		17,359,911.21	48,969,911.21	48,969,911.21

Note: Final

BOND SUMMARY STATISTICS

**Kansas City, MO
Taxable Special Obligation Bonds, Series 2017A**

Dated Date	03/23/2017
Delivery Date	03/23/2017
First Coupon	10/01/2017
Last Maturity	10/01/2039
Arbitrage Yield	
True Interest Cost (TIC)	4.283094%
Net Interest Cost (NIC)	4.309992%
All-in TIC	4.342304%
Average Coupon	4.275709%
Average Life (years)	12.844
Weighted Average Maturity (years)	12.844
Duration of Issue (years)	9.686
Par Amount	31,610,000.00
Bond Proceeds	31,610,000.00
Total Interest	17,359,911.21
Net Interest	17,499,105.82
Bond Years from Dated Date	406,012,444.44
Bond Years from Delivery Date	406,012,444.44
Total Debt Service	48,969,911.21
Maximum Annual Debt Service	8,784,806.76
Average Annual Debt Service	2,174,293.05
Underwriter's Fees (per \$1000)	
Average Takedown	3.964924
Other Fee	0.438575
Total Underwriter's Discount	4.403499
Bid Price	99.559650

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	24,395,000.00	100.000	4.087%	10.815	20,228.35
Term Bond	7,215,000.00	100.000	4.625%	19.707	10,028.85
	31,610,000.00			12.844	30,257.20

	TIC	All-in TIC	Arbitrage Yield
Par Value	31,610,000.00	31,610,000.00	
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-139,194.61	-139,194.61	
- Cost of Issuance Expense		-176,000.00	
- Other Amounts			
Target Value	31,470,805.39	31,294,805.39	
Target Date	03/23/2017	03/23/2017	03/23/2017
Yield	4.283094%	4.342304%	

Note: Final

EXHIBIT A-2
CERTIFICATE OF FINAL TERMS
SERIES 2017B BONDS

The undersigned Director of Finance of the City of Kansas City, Missouri (the "City"), in connection with the issuance of the City's \$19,185,000 Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B (the "Series 2017B Bonds"), certifies pursuant to Section 1 of Ordinance No. 170132 of the City (the "Ordinance"), as follows:

1. Original Principal Amount. The Series 2017B Bonds are issued in the original principal amount of \$19,185,000.
2. Maturity Schedule. The Series 2017B Bonds will mature on the dates and in the amounts and bear interest at the rates as set forth in the Trust Indenture dated as of March 1, 2017 (the "Indenture") by and between the City and UMB Bank, N.A., as Trustee, and as summarized on Schedule 1 to this Certificate.
3. True Interest Cost: The true interest cost of the Series 2017B Bonds is 3.072693%, as shown on Schedule 2 to this Certificate.
4. Purchase Price. The purchase price of the Series 2017B Bonds is \$20,466,190.22, representing \$19,185,000 principal amount, plus net original issue premium of \$1,342,278.30, less Underwriters' discount of \$61,088.08.
5. Optional Redemption. The Series 2017B Bonds are subject to optional redemption pursuant to the Indenture on the dates and in the amounts as set forth therein.

The terms set forth in this Certificate of Final Terms are within the limitations of Section 1 of the Ordinance.

Delivered this 23rd day of March, 2017.

CITY OF KANSAS CITY, MISSOURI

By: 
Randall J. Landes, Director of Finance

SCHEDULE 1

BOND DEBT SERVICE

**Kansas City, MO
Special Obligation Bonds, Series 2017B**

		Dated Date	03/23/2017		
		Delivery Date	03/23/2017		
Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2017	2,105,000	5.000%	462,137.30	2,567,137.30	
04/01/2018			389,846.88	389,846.88	
04/30/2018					2,956,984.18
10/01/2018	2,225,000	5.000%	389,846.88	2,614,846.88	
04/01/2019			334,221.88	334,221.88	
04/30/2019					2,949,068.76
10/01/2019	2,345,000	5.000%	334,221.88	2,679,221.88	
04/01/2020			275,596.88	275,596.88	
04/30/2020					2,954,818.76
10/01/2020	1,935,000	5.000%	275,596.88	2,210,596.88	
04/01/2021			227,221.88	227,221.88	
04/30/2021					2,437,818.76
10/01/2021	1,565,000	5.000%	227,221.88	1,792,221.88	
04/01/2022			188,096.88	188,096.88	
04/30/2022					1,980,318.76
10/01/2022	1,645,000	5.000%	188,096.88	1,833,096.88	
04/01/2023			146,971.88	146,971.88	
04/30/2023					1,980,068.76
10/01/2023	510,000	3.000%	146,971.88	656,971.88	
04/01/2024			139,321.88	139,321.88	
04/30/2024					796,293.76
10/01/2024	525,000	4.000%	139,321.88	664,321.88	
04/01/2025			128,821.88	128,821.88	
04/30/2025					793,143.76
10/01/2025	550,000	4.000%	128,821.88	678,821.88	
04/01/2026			117,821.88	117,821.88	
04/30/2026					796,643.76
10/01/2026	575,000	5.000%	117,821.88	692,821.88	
04/01/2027			103,446.88	103,446.88	
04/30/2027					796,268.76
10/01/2027	600,000	5.000%	103,446.88	703,446.88	
04/01/2028			88,446.88	88,446.88	
04/30/2028					791,893.76
10/01/2028	630,000	4.000%	88,446.88	718,446.88	
04/01/2029			75,846.88	75,846.88	
04/30/2029					794,293.76
10/01/2029	655,000	4.000%	75,846.88	730,846.88	
04/01/2030			62,746.88	62,746.88	
04/30/2030					793,593.76
10/01/2030	685,000	4.000%	62,746.88	747,746.88	
04/01/2031			49,046.88	49,046.88	
04/30/2031					796,793.76
10/01/2031	710,000	3.500%	49,046.88	759,046.88	
04/01/2032			36,621.88	36,621.88	
04/30/2032					795,668.76
10/01/2032	355,000	3.625%	36,621.88	391,621.88	
04/01/2033			30,187.50	30,187.50	
04/30/2033					421,809.38
10/01/2033	370,000	3.750%	30,187.50	400,187.50	
04/01/2034			23,250.00	23,250.00	
04/30/2034					423,437.50
10/01/2034	385,000	3.875%	23,250.00	408,250.00	
04/01/2035			15,790.63	15,790.63	
04/30/2035					424,040.63

BOND DEBT SERVICE

**Kansas City, MO
Special Obligation Bonds, Series 2017B**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2035	400,000	3.875%	15,790.63	415,790.63	
04/01/2036			8,040.63	8,040.63	
04/30/2036					423,831.26
10/01/2036	415,000	3.875%	8,040.63	423,040.63	
04/30/2037					423,040.63
	19,185,000		5,344,831.22	24,529,831.22	24,529,831.22

Note: Final

BOND SUMMARY STATISTICS

**Kansas City, MO
Special Obligation Bonds, Series 2017B**

=====	
Dated Date	03/23/2017
Delivery Date	03/23/2017
First Coupon	10/01/2017
Last Maturity	10/01/2036
Arbitrage Yield	2.993310%
True Interest Cost (TIC)	3.072693%
Net Interest Cost (NIC)	3.223990%
All-In TIC	3.207503%
Average Coupon	4.240454%
Average Life (years)	6.570
Weighted Average Maturity (years)	6.463
Duration of Issue (years)	5.558
Par Amount	19,185,000.00
Bond Proceeds	20,527,278.30
Total Interest	5,344,831.22
Net Interest	4,063,641.00
Bond Years from Dated Date	126,043,833.33
Bond Years from Delivery Date	126,043,833.33
Total Debt Service	24,529,831.22
Maximum Annual Debt Service	2,956,984.18
Average Annual Debt Service	1,256,508.14
Underwriter's Fees (per \$1000)	
Average Takedown	2.785874
Other Fee	0.398284
Total Underwriter's Discount	3.184158
Bid Price	106.678083

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	18,370,000.00	107.382	4.292%	6.017	9,513.80
Term Bond	815,000.00	98.316	3.875%	19.031	1,083.95
	19,185,000.00			6.570	10,597.75

	TIC	All-In TIC	Arbitrage Yield
Par Value	19,185,000.00	19,185,000.00	19,185,000.00
+ Accrued Interest			
+ Premium (Discount)	1,342,278.30	1,342,278.30	1,342,278.30
- Underwriter's Discount	-61,088.08	-61,088.08	
- Cost of Issuance Expense		-150,000.00	
- Other Amounts			
Target Value	20,466,190.22	20,316,190.22	20,527,278.30
Target Date	03/23/2017	03/23/2017	03/23/2017
Yield	3.072693%	3.207503%	2.993310%

Note: Final

EXHIBIT A-3
CERTIFICATE OF FINAL TERMS
SERIES 2017C BONDS

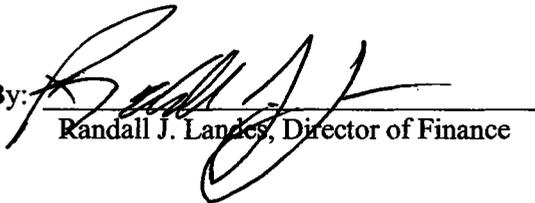
The undersigned Director of Finance of the City of Kansas City, Missouri (the "City"), in connection with the issuance of the City's \$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the "Series 2017C Bonds"), certifies pursuant to Section 1 of Ordinance No. 170132 of the City (the "Ordinance"), as follows:

1. Original Principal Amount. The Series 2017C Bonds are issued in the original principal amount of \$89,410,000.
2. Maturity Schedule. The Series 2017C Bonds will mature on the dates and in the amounts and bear interest at the rates as set forth in the Trust Indenture dated as of March 1, 2017 (the "Indenture") by and between the City and UMB Bank, N.A., as Trustee, and as summarized on Schedule 1 to this Certificate.
3. True Interest Cost: The true interest cost of the Series 2017C Bonds is 3.379272%, as shown on Schedule 2 to this Certificate.
4. Purchase Price. The purchase price of the Series 2017C Bonds is \$100,334,433.70, representing \$89,410,000 principal amount, plus net original issue premium of \$11,240,258.05, less Underwriters' discount of \$315,824.35.
5. Optional Redemption. The Series 2017C Bonds are subject to optional redemption pursuant to the Indenture on the dates and in the amounts as set forth therein.

The terms set forth in this Certificate of Final Terms are within the limitations of Section 1 of the Ordinance.

Delivered this 23rd day of March, 2017.

CITY OF KANSAS CITY, MISSOURI

By: 
Randall J. Landes, Director of Finance

SCHEDULE 1

BOND DEBT SERVICE

**Special Obligation Refunding Bonds, Series 2017C
Refund IDA KC Live 2005A**

=====

		Dated Date Delivery Date	03/23/2017 03/23/2017		
Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
09/01/2017			1,888,110.97	1,888,110.97	
03/01/2018			2,151,012.50	2,151,012.50	
04/30/2018					4,039,123.47
09/01/2018			2,151,012.50	2,151,012.50	
03/01/2019			2,151,012.50	2,151,012.50	
04/30/2019					4,302,025.00
09/01/2019			2,151,012.50	2,151,012.50	
03/01/2020			2,151,012.50	2,151,012.50	
04/30/2020					4,302,025.00
09/01/2020			2,151,012.50	2,151,012.50	
03/01/2021			2,151,012.50	2,151,012.50	
04/30/2021					4,302,025.00
09/01/2021			2,151,012.50	2,151,012.50	
03/01/2022			2,151,012.50	2,151,012.50	
04/30/2022					4,302,025.00
09/01/2022	6,120,000	5.000%	2,151,012.50	8,271,012.50	
03/01/2023			1,998,012.50	1,998,012.50	
04/30/2023					10,269,025.00
09/01/2023	6,670,000	5.000%	1,998,012.50	8,668,012.50	
03/01/2024			1,831,262.50	1,831,262.50	
04/30/2024					10,499,275.00
09/01/2024	7,275,000	5.000%	1,831,262.50	9,106,262.50	
03/01/2025			1,649,387.50	1,649,387.50	
04/30/2025					10,755,650.00
09/01/2025	7,895,000	5.000%	1,649,387.50	9,544,387.50	
03/01/2026			1,452,012.50	1,452,012.50	
04/30/2026					10,996,400.00
09/01/2026	8,570,000	5.000%	1,452,012.50	10,022,012.50	
03/01/2027			1,237,762.50	1,237,762.50	
04/30/2027					11,259,775.00
09/01/2027	9,285,000	5.000%	1,237,762.50	10,522,762.50	
03/01/2028			1,005,637.50	1,005,637.50	
04/30/2028					11,528,400.00
09/01/2028	10,045,000	5.000%	1,005,637.50	11,050,637.50	
03/01/2029			754,512.50	754,512.50	
04/30/2029					11,805,150.00
09/01/2029	10,795,000	** %	754,512.50	11,549,512.50	
03/01/2030			534,993.75	534,993.75	
04/30/2030					12,084,506.25
09/01/2030	11,555,000	** %	534,993.75	12,089,993.75	
03/01/2031			280,000.00	280,000.00	
04/30/2031					12,369,993.75
09/01/2031	5,525,000	5.000%	280,000.00	5,805,000.00	
03/01/2032			141,875.00	141,875.00	
04/30/2032					5,946,875.00
09/01/2032	5,675,000	5.000%	141,875.00	5,816,875.00	
04/30/2033					5,816,875.00
	89,410,000		45,169,148.47	134,579,148.47	134,579,148.47

Note: Final

BOND SUMMARY STATISTICS

Special Obligation Refunding Bonds, Series 2017C
Refund IDA KC Live 2005A

=====	
Dated Date	03/23/2017
Delivery Date	03/23/2017
First Coupon	09/01/2017
Last Maturity	09/01/2032
Arbitrage Yield	3.210017%
True Interest Cost (TIC)	3.379272%
Net Interest Cost (NIC)	3.617459%
All-In TIC	3.416278%
Average Coupon	4.771468%
Average Life (years)	10.588
Weighted Average Maturity (years)	10.531
Duration of Issue (years)	8.507
Par Amount	89,410,000.00
Bond Proceeds	100,650,258.05
Total Interest	45,169,148.47
Net Interest	34,244,714.77
Bond Years from Dated Date	946,651,055.56
Bond Years from Delivery Date	946,651,055.56
Total Debt Service	134,579,148.47
Maximum Annual Debt Service	12,369,993.75
Average Annual Debt Service	8,716,893.39
Underwriter's Fees (per \$1000)	
Average Takedown	3.109482
Other Fee	0.422834
Total Underwriter's Discount	3.532316
Bid Price	112.218358

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds	89,410,000.00	112.572	4.771%	10.588	77,381.90
	89,410,000.00			10.588	77,381.90

	TIC	All-in TIC	Arbitrage Yield
Par Value	89,410,000.00	89,410,000.00	89,410,000.00
+ Accrued Interest			
+ Premium (Discount)	11,240,258.05	11,240,258.05	11,240,258.05
- Underwriter's Discount	-315,824.35	-315,824.35	
- Cost of Issuance Expense		-310,000.00	
- Other Amounts			
Target Value	100,334,433.70	100,024,433.70	100,650,258.05
Target Date	03/23/2017	03/23/2017	03/23/2017
Yield	3.379272%	3.416278%	3.210017%

Note: Final

EXHIBIT A-4
CERTIFICATE OF FINAL TERMS
SERIES 2017D BONDS

The undersigned Director of Finance of the City of Kansas City, Missouri (the "City"), in connection with the issuance of the City's \$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D (the "Series 2017D Bonds"), certifies pursuant to Section 1 of Ordinance No. 170132 of the City (the "Ordinance"), as follows:

1. Original Principal Amount. The Series 2017D Bonds are issued in the original principal amount of \$16,185,000.
2. Maturity Schedule. The Series 2017D Bonds will mature on the dates and in the amounts and bear interest at the rates as set forth in the Trust Indenture dated as of March 1, 2017 (the "Indenture") by and between the City and UMB Bank, N.A., as Trustee, and as summarized on Schedule 1 to this Certificate.
3. True Interest Cost: The true interest cost of the Series 2017D Bonds is 1.908604%, as shown on Schedule 2 to this Certificate.
4. Purchase Price. The purchase price of the Series 2017D Bonds is \$17,622,158.94, representing \$16,185,000 principal amount, plus original issue premium of \$1,477,563.70, less Underwriters' discount of \$40,404.76.
5. No Optional Redemption. The Series 2017D Bonds are not subject to optional redemption.

The terms set forth in this Certificate of Final Terms are within the limitations of Section 1 of the Ordinance.

Delivered this 23rd day of March, 2017.

CITY OF KANSAS CITY, MISSOURI

By: _____

Randall J. Landes, Director of Finance

SCHEDULE 1

BOND DEBT SERVICE

**Special Obligation Refunding Bonds, Series 2017D
Refund IDA 2007A (Midtown Redevelopment Project)**

=====					
		Dated Date	03/23/2017		
		Delivery Date	03/23/2017		
Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2017			422,608.33	422,608.33	
04/01/2018	3,155,000	5.000%	404,625.00	3,559,625.00	
04/30/2018					3,982,233.33
10/01/2018			325,750.00	325,750.00	
04/01/2019	3,385,000	5.000%	325,750.00	3,710,750.00	
04/30/2019					4,036,500.00
10/01/2019			241,125.00	241,125.00	
04/01/2020	3,615,000	5.000%	241,125.00	3,856,125.00	
04/30/2020					4,097,250.00
10/01/2020			150,750.00	150,750.00	
04/01/2021	2,940,000	5.000%	150,750.00	3,090,750.00	
04/30/2021					3,241,500.00
10/01/2021			77,250.00	77,250.00	
04/01/2022	3,090,000	5.000%	77,250.00	3,167,250.00	
04/30/2022					3,244,500.00
	16,185,000		2,416,983.33	18,601,983.33	18,601,983.33

Note: Final

BOND SUMMARY STATISTICS

**Special Obligation Refunding Bonds, Series 2017D
Refund IDA 2007A (Midtown Redevelopment Project)**

Dated Date	03/23/2017
Delivery Date	03/23/2017
First Coupon	10/01/2017
Last Maturity	04/01/2022
Arbitrage Yield	1.826940%
True Interest Cost (TIC)	1.908604%
Net Interest Cost (NIC)	2.026957%
All-in TIC	2.193641%
Average Coupon	5.000000%
Average Life (years)	2.987
Weighted Average Maturity (years)	3.028
Duration of Issue (years)	2.830
Par Amount	16,185,000.00
Bond Proceeds	17,662,563.70
Total Interest	2,416,983.33
Net Interest	979,824.39
Bond Years from Dated Date	48,339,666.67
Bond Years from Delivery Date	48,339,666.67
Total Debt Service	18,601,983.33
Maximum Annual Debt Service	4,097,250.00
Average Annual Debt Service	3,703,934.73
Underwriter's Fees (per \$1000)	
Average Takedown	2.047754
Other Fee	0.448678
Total Underwriter's Discount	2.496432
Bid Price	108.879573

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds	16,185,000.00	109.129	5.000%	2.987	4,960.00
	16,185,000.00			2.987	4,960.00

	TIC	All-in TIC	Arbitrage Yield
Par Value	16,185,000.00	16,185,000.00	16,185,000.00
+ Accrued Interest			
+ Premium (Discount)	1,477,563.70	1,477,563.70	1,477,563.70
- Underwriter's Discount	-40,404.76	-40,404.76	
- Cost of Issuance Expense		-140,000.00	
- Other Amounts			
Target Value	17,622,158.94	17,482,158.94	17,662,563.70
Target Date	03/23/2017	03/23/2017	03/23/2017
Yield	1.908604%	2.193641%	1.826940%

Note: Final

ISSUER'S CLOSING CERTIFICATE

We, the undersigned, are duly qualified and authorized officials of the City of Kansas City, Missouri (the "Issuer" or the "City") and we hereby certify in connection with the issuance of \$31,610,000 Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A (the "Series 2017A Bonds"), \$19,185,000 Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B (the "Series 2017B Bonds"), \$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the "Series 2017C Bonds"), and \$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D (the "Series 2017D Bonds" and collectively with the Series 2017A Bonds, the Series 2017B Bonds, and the Series 2017C Bonds, the "Bonds") of the City of Kansas City, Missouri as follows:

1. Meaning of Words and Terms. Capitalized words and terms used herein with respect to the Series 2017A Bonds and Series 2017B Bonds, unless otherwise defined herein or the context requires otherwise, shall have the same meanings as ascribed to such words and terms in the Trust Indenture dated as of March 23, 2017 (the "Series 2017A and B Indenture") by and between the Issuer and UMB Bank, N.A., as Trustee (the "Trustee") relating to the Series 2017A Bonds and the Series 2017B Bonds. Capitalized words and terms used herein with respect to the Series 2017C Bonds, unless otherwise defined herein or the context requires otherwise, shall have the same meanings as ascribed to such words and terms in the Trust Indenture dated as of March 23, 2017 (the "Series 2017C Indenture"), by and between the Issuer and UMB Bank, N.A., as Trustee relating to the Series 2017C Bonds. Capitalized words and terms used herein with respect to the Series 2017D Bonds, unless otherwise defined herein or the context requires otherwise, shall have the same meanings as ascribed to such words and terms in the Trust Indenture dated as of March 23, 2017 (the "Series 2017D Indenture"), by and between the Issuer and UMB Bank, N.A., as Trustee relating to the Series 2017D Bonds. The Series 2017A and B Indenture, the Series 2017C Indenture and the Series 2017D Indenture are referred to collectively herein as the "Indentures."

2. Organization and Authority. The City is a legally constituted city organized and existing as a special charter city and political subdivision organized and existing under the laws of the State of Missouri. The City has complied with all provisions of the Constitution and the laws of the State of Missouri, and has full power and authority to consummate all transactions contemplated by Ordinance No. 170132, approved by majority vote of the City Council of the City on February 23, 2017 (the "Ordinance") and any and all other agreements relating thereto.

3. Transcript of Proceedings. The transcript of proceedings (the "Transcript") relating to the authorization and issuance of the Bonds furnished to the Purchaser is to the best of our knowledge, information and belief full, correct and complete; none of such proceedings has been modified, amended or repealed; and such facts as are stated in the Transcript still exist.

4. Meetings. All meetings of the City Council of the City as shown in the Transcript were regular meetings, or meetings held pursuant to regular adjournment at the next preceding meeting, or special meetings called and held as shown in the Transcript. All such meetings were open to the public and a quorum was present and acted throughout, and proper notice of all such meetings was given in the manner required by law, including Chapter 610 of the Revised Statutes of Missouri, as amended.

5. Incumbency of Officers. The following persons were and are the duly qualified and acting members and officers of the Issuer at all times during which such persons participated in the proceedings authorizing the Bonds as shown in the Transcript:

<u>Name</u>	<u>Title</u>
Sylvester “Sly” James, Jr.	Mayor
Scott Wagner	Mayor Pro Tem
Heather Hall	Council Member
Teresa Loar	Council Member
Dan Fowler	Council Member
Quinton Lucas	Council Member
Jermaine Reed	Council Member
Katheryn Shields	Council Member
Jolie Justus	Council Member
Lee Barnes, Jr.	Council Member
Alicia Canady	Council Member
Scott Taylor	Council Member
Kevin McManus	Council Member
Troy Schulte	City Manager
Randall J. Landes	Director of Finance
Tammy Queen	Deputy Director of Finance
Douglas Buehler	City Treasurer
Sherri McIntyre	Director of Public Works
Marilyn Sanders	City Clerk
Cecilia Abbott	City Attorney
Sarah Baxter	Assistant City Attorney

6. Execution of Bonds. The Bonds in the aggregate principal amount of \$156,390,000 dated March 23, 2017, consisting of one fully registered bond for each maturity of each Series of Bonds, have been duly signed and executed by the facsimile signatures of the Mayor and City Clerk as the duly qualified, constituted and authorized officials of the City. On the date of the Bonds, and on the date when the Bonds were executed, such officials were and at the date hereof are the officials indicated by their signatures on the Bonds and on this Certificate, respectively. The signatures of such officials on the Bonds are their true and genuine signatures, and the seal affixed or imprinted on the Bonds was and is the duly authorized seal of the City, and was affixed on the Bonds by the authority and direction of the City Council of the City, and is the seal affixed to this Certificate. Affidavits containing the respective signatures of the Mayor and City Clerk, copies of which are attached hereto, have been filed in the Office of the Secretary of State of Missouri pursuant to Section 105.274 of the Revised Statutes of Missouri, and we hereby ratify, confirm and adopt the facsimile signatures on the Bonds as a proper execution of said Bonds.

7. Execution of Documents. The following instruments have been executed and delivered or will be executed and delivered in the name and on behalf of the Issuer by its duly authorized officers, pursuant to and in full compliance with the Ordinance passed by the City Council of the City at duly held meetings as shown in the Transcript; the copies of such documents contained in the Transcript are true, complete and correct copies or counterparts of such documents as executed and delivered by the City and are in substantially the same form and text as the copies of such documents that were before the City Council of the City, and approved by such Ordinance, and such documents have not been amended, modified or rescinded and are in full force and effect as of the date hereof:

<u>Instrument</u>	<u>Date</u>	<u>Other Party or Parties</u>
Series 2017A and B Indenture	March 1, 2017	UMB Bank, N.A., as Trustee
Series 2017C Indenture	March 1, 2017	UMB Bank, N.A., as Trustee
Series 2017D Indenture	March 1, 2017	UMB Bank, N.A., as Trustee
Tax Compliance Agreements relating to the Series 2017B, Series 2017C, and Series 2017D Bonds	March 1, 2017	UMB Bank, N.A., as Trustee
Escrow Trust Agreement relating to the Refunded Series 2005A Bonds	March 1, 2017	UMB Bank, N.A.
Escrow Trust Agreement relating to the Refunded Series 2007A Bonds	March 1, 2017	UMB Bank, N.A.
Bond Purchase Agreement	March 8, 2017	J.P. Morgan Securities LLC, as Underwriter
Supplemental DESA Agreement	March 1, 2017	Downtown Economic Stimulus Authority
Linwood Cooperative Agreement	March 1, 2017	Tax Increment Financing Commission
Midtown Cooperative Agreement	March 1, 2017	Tax Increment Financing Commission
State TIF Supplemental Agreement	March 1, 2017	Department of Economic Development, Trustee

The Series A and B Indenture, the Series 2017C Indenture, the Series 2017D Indenture, the Bonds, the Tax Compliance Agreements, the Escrow Trust Agreements, the DESA and State TIF Supplement Agreements and the Cooperative Agreements are sometimes collectively referred to herein as the “Issuer Documents.”

8. Sale of Bonds. The Bonds have been sold to the Purchaser at a rate of interest not exceeding 10% per annum, and at a price not less than 95% of the par value thereof, in compliance with the requirements of Section 108.170, RSMo., as amended.

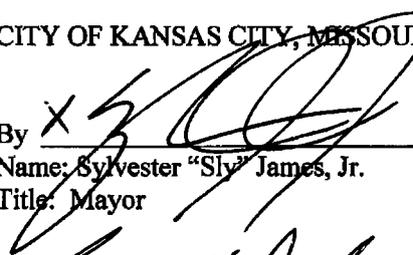
9. No Litigation. There is no controversy, suit or other proceeding pending (as to which service of process has been accomplished) or, to the Issuer’s knowledge, threatened, wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way (a) the legal organization of the City or its boundaries (b) the right or title of any of its officers to their respective offices, (c) the legality of any of its official acts shown to have been done in the Transcript furnished to the Purchaser, or (d) the constitutionality or validity of the obligations represented by the Bonds, or the validity of the Bonds, or any of the proceedings had in relation to the authorization, issuance or sale of the Bonds, or any agreement or instrument to which the City is a party and which is used or contemplated for use in the consummation of the transactions contemplated by the Ordinance.

10. IRS Form 8038G. The information contained in IRS Form 8038-G relating to the Series 2017B Bonds and Series 2017C Bonds and in IRS Form 8038-G relating to the Series 2017D Bonds which were filed by the Issuer with the Internal Revenue Service relating to the Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds is true, complete and correct as of the date hereof.

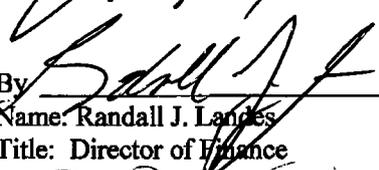
11. Ordinance. The Ordinance authorizing the execution, delivery and/or performance of the Bonds and Issuer Documents has been duly passed by the Issuer, is in full force and effect and has not been modified, amended or repealed.

IN WITNESS WHEREOF, the Issuer has caused this Certificate to be executed as of this 23 day of March, 2017.

CITY OF KANSAS CITY, MISSOURI

By 
Name: Sylvester "Sly" James, Jr.
Title: Mayor

[SEAL]

By 
Name: Randall J. Landes
Title: Director of Finance

By 
Name: Marilyn Sanders
Title: City Clerk

CONTINUING DISCLOSURE UNDERTAKING

relating to
\$156,390,000
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS

\$31,610,000 Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A	\$19,185,000 Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B
\$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C	\$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D

THIS CONTINUING DISCLOSURE UNDERTAKING dated as of March 1, 2017 (this “**Undertaking**”), is executed and delivered by the City of Kansas City, Missouri (the “**City**”) as the “**Obligated Person**” in connection with the issuance of the above-captioned bonds (the “**Bonds**”). The Bonds are being issued pursuant to Ordinance No. 170132, passed on February 23, 2017 (the “**Ordinance**”), and (1) a Trust Indenture, dated as of March 1, 2017, relating to the Series 2017A Bonds and the Series 2017B Bonds, (2) a Trust Indenture, dated as of March 1, 2017, relating to the Series 2017C Bonds and (3) a Trust Indenture, dated as of March 1, 2017, relating to the Series 2017D Bonds.

In order to permit the Purchaser to comply with the provisions of Rule 15c2-12 of the Securities Exchange Commission, as amended, in connection with the public offering of the Bonds, the City hereby covenants and agrees, for the sole and exclusive benefit of holders and Beneficial Owners of the Bonds, as follows:

Section 1. Definitions. In addition to the definitions set forth in the Ordinance and the applicable Indenture, which apply to any capitalized term used in this Undertaking unless otherwise defined, the following capitalized terms shall have the following meanings:

“**Annual Information**” means the financial information and operating data described in **Section 3** hereof.

“**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 owner of any Bonds for federal income tax purposes.

“**City**” means the City of Kansas City, Missouri, a constitutional charter city duly organized under the laws of the State of Missouri, and any successor thereto.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures established by the MSRB, which can be accessed at www.emma.msrb.org. All information to be provided to the MSRB pursuant to this Undertaking shall be submitted through EMMA in an electronic format and accompanied by identifying information, both as prescribed by the MSRB.

“**Fiscal Year**” means the City’s fiscal year, which is currently May 1 to April 30, or as it may be hereafter defined by the City.

“**GAAP**” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board.

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

“**Indenture**” means (i) with respect to the Series 2017A and Series 2017B Bonds, a Trust Indenture dated as of March 1, 2017, between the City and UMB Bank, N.A., as Trustee, (ii) with respect to the Series 2017C Bonds, a Trust Indenture dated as of March 1, 2017, between the City and UMB Bank, N.A., as Trustee and (iii) with respect to the Series 2017D Bonds, a Trust Indenture dated as of March 1, 2017, between the City and UMB Bank, N.A., as Trustee.

“**MSRB**” means the Municipal Securities Rulemaking Board, established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“**Obligated Person**” means 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 Bonds.

“**Official Statement**” means the Official Statement relating to the Bonds dated March 8, 2017.

“**Purchaser**” means J.P. Morgan Securities LLC, as representative of the underwriters of the Bonds.

“**Rule**” means Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended and as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“**Series**” means, individually, the series of Series 2017A Bonds, the Series 2017B Bonds, the Series 2017C Bonds or the Series 2017D Bonds.

“**Series 2017 Bonds**” or the “**Bonds**” means collectively the City of Kansas City, Missouri Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A (the “Series 2017A Bonds”), Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B (the “Series 2017B Bonds”), Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the “Series 2017C Bonds”) and Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D (the “Series 2017D Bonds”).

Section 2. Obligations to Providing Continuing Disclosure.

(a) Obligations of the City.

(i) The City hereby undertakes, for the benefit of the holders and Beneficial Owners of each Series of the Bonds, as applicable, to provide to the MSRB, no later than 270 days after the end of each Fiscal Year, commencing with the Fiscal Year ending April 30, 2017, the Annual Information relating to such Fiscal Year.

(ii) If audited financial statements of the type described in **Section 3(a)(i)** below are to be provided as part of the Annual Information but are not available to be submitted with the rest of the Annual Information on or before the date provided in the immediately preceding subsection, unaudited financial statements shall be submitted and the audited financial statements shall be submitted to the MSRB, if and when they become available.

(iii) The Paying Agent, if other than an officer of the City, shall notify the City of the occurrence of any of the Material Events with respect to the applicable Series of Bonds listed in **Section 2(a)(iv)** hereof, promptly upon becoming aware of the occurrence of any such event.

(iv) In a timely manner not in excess of 10 business days after the occurrence of any of the following events, the City shall give, or cause to be given, to the MSRB, notice of the occurrence of any of the following events with respect to the applicable Series of Bonds (collectively, the “**Material Events**”):

- (A) principal and interest payment delinquencies;
- (B) non-payment related defaults, if material;
- (C) unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) substitution of credit or liquidity providers, or their failure to perform;
- (F) 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;
- (G) modifications to the rights of holders of the Bonds, if material;
- (H) Bond calls, if material, and tender offers;
- (I) defeasances;
- (J) release, substitution or sale of property securing repayment of the Bonds, if material;
- (K) rating changes;
- (L) bankruptcy, insolvency, receivership or similar event of the City;
- (M) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) appointment of a successor or additional trustee, or the change of name of the trustee, if material.

(v) The City shall also provide to the MSRB, as promptly as practicable, notice of any failure of the City to provide the MSRB the Annual Information required by **Section (a)(i)** or **2(a)(ii)** on or before the date specified.

(b) Termination or Modification of Disclosure Obligation. The obligations of the City hereunder with respect to a Series of Bonds may be terminated if the City is no longer an “obligated person” with respect to the Bonds of such Series within the meaning of the Rule, as amended from time to time. Upon any such termination, the City shall provide written notice thereof to the MSRB.

(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 voluntarily disseminates 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 Information.

(a) Specified Information. The Annual Information shall consist of (i) financial data of the type included in Appendix A to the Official Statement under the heading “FINANCIAL STATEMENTS OF THE CITY OF KANSAS CITY, MISSOURI” and (ii) the data of the type included in Appendix C to the Official Statement under the heading “INFORMATION REGARDING THE CITY OF KANSAS CITY, MISSOURI.”

(b) Incorporation by Reference. All or any portion of the Annual Information of the City may be provided by specific incorporation by reference to any other documents which have been filed with the MSRB and/or the Securities Exchange Commission.

(c) Information Categories. The requirements contained in this Undertaking under **Section 3(a)** are intended to set forth a general description of the type of financial information and operating data to be provided by the City and such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of **Section 3(a)** call for information that no longer can be generated or relates to operations that 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 (but only if audited financial statements are otherwise available for such Fiscal Year). The annual financial statements may be provided by specific incorporation by reference to any other documents which have been filed with the Securities and Exchange Commission and the MSRB.

Section 5. Remedies. If the City should fail to comply with a provision of this Undertaking, then any holder or Beneficial Owner of the Bonds of a Series may enforce, for the equal benefit and protection of all the holders or Beneficial Owners of the Bonds of such Series 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 Undertaking; provided that the sole and exclusive remedy for breach of this 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 conditions upon the provisions of the Trust Indenture with respect to the enforcement of remedies of holders upon the occurrence of an Event of Default thereunder as though such provisions applied hereunder. Failure of the City to perform its obligations hereunder shall not constitute an Event of Default under the applicable Indenture.

Section 6. Parties in Interest. The provisions of this Undertaking shall inure solely to the benefit of holders and Beneficial Owners from time to time of the Bonds of a Series and shall create no rights in any other person or entity.

Section 7. Amendments.

(a) Without the consent of the holders or Beneficial Owners of the Bonds of any Series, the City and the trustee for the Series of Bonds, at any time and from time to time, may together enter into amendments or changes to this Undertaking for any purposes with respect to such Series of Bonds, 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 the Rule on the date hereof, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, the Rule, 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 affected Series of Bonds.

(b) Annual 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 Information being provided for such Fiscal Year. If a change in accounting principles is included in any such amendment, such Annual 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 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 Undertaking shall remain in full force and effect with respect to each Series of Bonds until such time as all principal, redemption premium, if any, and interest on the Bonds of such Series shall have been paid in full or the Bonds of such Series shall have otherwise been paid or legally defeased pursuant to the Indenture for such Series; provided, however, that if the Rule (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 the Rule (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 of such Series, then the information to be provided hereunder, insofar

as it was required to be provided by a provision of the Rule so declared, shall no longer be required to be provided hereunder. Upon any legal defeasance, 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 regarding this Undertaking may be given as follows:

City of Kansas City, Missouri
414 East 12th Street, 1st Floor
Kansas City, Missouri 64106
Attention: City Treasurer
Telephone: (816) 513-1019
Facsimile: (816) 513-1020

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 10. Governing Law. THIS UNDERTAKING SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MISSOURI WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAW; PROVIDED, HOWEVER, THAT TO THE EXTENT THIS UNDERTAKING ADDRESSES MATTERS OF FEDERAL SECURITIES LAWS, INCLUDING THE RULE, THIS UNDERTAKING SHALL BE GOVERNED BY SUCH FEDERAL SECURITIES LAWS AND OFFICIAL INTERPRETATIONS THEREOF.

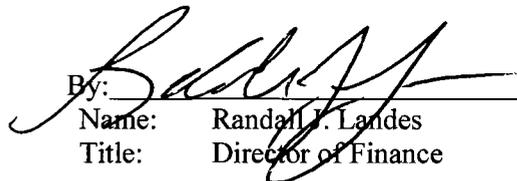
Section 11. Counterparts. This Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

[Remainder of page intentionally left blank.]

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

DATED: March 23, 2017.

CITY OF KANSAS CITY, MISSOURI, as the
Obligated Person

By: 
Name: Randall J. Landes
Title: Director of Finance

EXECUTION COPY

COOPERATIVE AGREEMENT

between

**THE TAX INCREMENT FINANCING COMMISSION
OF KANSAS CITY, MISSOURI**

AND

THE CITY OF KANSAS CITY, MISSOURI

Dated as of March 1, 2017

COOPERATIVE AGREEMENT

This COOPERATIVE AGREEMENT (the "Agreement") is dated as of March 1, 2017, by and between the City of Kansas City, Missouri (the "City" or "Issuer") and the Tax Increment Financing Commission of Kansas City, Missouri (the "Commission").

WHEREAS, on June 16, 2016, the City Council of Kansas City, Missouri (the "Council") passed Ordinance No. 160448 (the "Ordinance") approving the Linwood Shopping Center Tax Increment Financing Plan (the "Plan") and designating an area described thereby as a "Redevelopment Area," pursuant to the authority granted the Council by the Real Property Tax Increment Allocation Redevelopment Act, Section 99.800 to 99.865 of the Revised Statutes of Missouri, 1986, as amended (the "TIF Act"); and

WHEREAS, the Redevelopment Area is approximately 11.5 acres and consists of three (3) Redevelopment Project Areas, which are legally described on **Exhibit A** attached hereto and incorporated herein by reference (the "Redevelopment Project Areas"); and

WHEREAS, the Plan provides for the construction and financing of an approximately 38,000 square foot grocery store and the renovation of approximately 26,000 square feet of additional retail space, together with surface parking and landscaping (the "Linwood Project"); and

WHEREAS, by Ordinance No. 170132 passed on February 23, 2017, the Council agreed to provide additional financing for Redevelopment Project Costs identified by the Plan and certified by the Commission ("Certified Costs") related to the Linwood Project by committing, subject to annual appropriation and actual collection in addition to revenues under the TIF Act, certain additional revenue from certain taxes which are imposed by the City and generated by activity taxes within the Redevelopment Area, which are not subject to capture, in accordance with the TIF Act, and would otherwise be deposited into the City's general fund ("Additional City EATs"); and

WHEREAS, by Ordinance No. 170132 passed on February 23, 2017, the Council expressed the intention of the City to issue its Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A in the original principal amount of \$23,250,000, to fund, among other things, (a) Redevelopment Project Costs identified by the Plan that relate to the Linwood Project, (b) capitalized interest related to the Linwood Project and (c) costs of issuance related to the Linwood Project, pursuant to a Trust Indenture dated as of March 1, 2017, by and between the City and UMB Bank, N.A., as Trustee (the "Indenture").

NOW THEREFORE, for and in consideration of the premises and the mutual representations, covenants and agreements contained herein, the receipt and sufficiency of which is hereby acknowledged, the Issuer and the Commission do hereby represent, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions of Words and Terms. Words and terms used in this Cooperative Agreement and not otherwise defined herein shall have the meaning set forth in the Indenture. In addition, the following words shall have the following meanings:

“*Additional City EATs*” means fifty percent (50%) of the retail sales taxes imposed by the City and generated in Redevelopment Project Areas, but excluding those portions derived from each of the following: (a) the City’s 2.00% convention and tourism sales tax imposed on the retail sales of food and beverages pursuant to Section 68-551 of the City’s Code of Ordinances (or any successor provision thereto), (b) the City’s 0.50% public mass transit tax pursuant to Section 68-471 of the City’s Code of Ordinances (or any successor provision thereto), (c) the City’s 0.375% KCATA tax pursuant to Section 68-475 of the City’s Code of Ordinances (or any successor provision thereto), (d) the City’s 0.50% parks tax pursuant to Section 68-448 of the City’s Code of Ordinances (or any successor provision thereto), and (e) any other sales tax authorized after the date of this Agreement.

“*Additional City EATs Fund*” means the fund maintained by the City or the Commission, as the case may be, into which Additional City EATs are to be deposited.

“*Cooperative Agreement*” means this Cooperative Agreement dated as of March 1, 2017.

“*Economic Activity Tax Account*” means the account within the Special Allocation Fund into which the Economic Activity Tax Revenues are to be deposited.

“*Economic Activity Tax Revenue*” means fifty percent (50%) of the total additional revenue from taxes which are imposed by the City or other taxing districts, and which are generated by economic activities within the Redevelopment Project Areas, over the amount of such taxes generated by economic activities within the Redevelopment Project Areas in the calendar year prior to the adoption of the Redevelopment Projects by Ordinance, while tax increment financing remains in effect, but excluding taxes imposed on sales or changes for sleeping rooms paid by transient guests or hotels and motels, taxes levied for the purpose of public transportation pursuant to Section 94.660 of the Revised Statutes of Missouri, taxes levied pursuant to Section 70.500 of the Revised Statutes of Missouri, licenses, fees or special assessments, other than payments in lieu of taxes and penalties and interest thereon, and personal property taxes, taxes levied for the purpose of public transportation pursuant to Section 94.660, RSMo., taxes imposed on sales pursuant to Subsection 2 of Section 67.1712 for the purpose of operating and maintaining a metropolitan park and recreation district, licenses, fees or special assessments other than payments in lieu of taxes and penalties and interest thereon, any sales tax imposed by a county with a charter form of government and with more than six hundred thousand but fewer than seven hundred thousand inhabitants, for the purpose of sports stadium improvement or levied by such county under Section 238.410 for the purpose of the county transit authority operating transportation facilities, or for redevelopment plans and projects adopted or redevelopment projects approved by ordinance after August 28, 2013, taxes imposed on sales under and pursuant to Section 67.700 or 650.399 for the purpose of emergency

communication systems, shall be allocated to, and paid by the local political subdivision collecting officer to the treasurer or other designated financial officer of the municipality, who shall deposit such funds in a separate segregated account within the special allocation fund. If the voters in a taxing district vote to approve an increase in such taxing district's sales tax or use tax, other than the renewal of an expiring sales or use tax, any additional revenues generated within an existing redevelopment project area that are directly attributable to the newly voter-approved incremental increase in such taxing district's levy rate shall not be considered economic activity taxes subject to deposit into a special allocation fund without the consent of such taxing district.

"Indenture" means the Trust Indenture dated as of March 1, 2017, between the Issuer and UMB Bank, N.A., as Trustee, pursuant to which the Series 2017A Bonds are being issued.

"Linwood Debt Service Portion," upon the issuance of the Series 2017A Bonds, means that portion of the debt service on the Series 2017A Bonds allocable to the financing of the Linwood Project and related costs of issuance of the Series 2017A Bonds.

"Linwood Project Bonds" means the portion of the Series 2017A Bonds which are being used to pay Linwood Redevelopment Project Costs.

"Linwood Redevelopment Project Costs" means all Redevelopment Project Costs identified by the Plan and permitted by the TIF Act to be paid, reimbursed or financed with Economic Activity Tax Revenue.

"Redevelopment Area" means the area of approximately 11.5 acres that is generally bounded by 31st Street on the north, Linwood Boulevard on the south, Montgall Avenue on the east, and Olive Street on the west, all in Kansas City, Jackson County, Missouri, as legally described by Exhibit 1A of the Plan.

"Redevelopment Project Areas" means each of Redevelopment Project Area 1, Redevelopment Project Area 2 and Redevelopment Project Area 3, as legally described by Exhibit 1B of the Plan and Exhibit A, attached hereto.

"Series 2017A Bonds" means the Taxable Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017A.

"Special Allocation Fund" means the fund(s) created by the Commission or City in connection with the Redevelopment Project Areas into which Economic Activity Tax Revenue, when collected, shall be deposited.

"Trustee" means UMB Bank, N.A., as Trustee under the Indenture.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations by the Commission. The Commission represents and warrants to the Issuer and the Trustee as follows:

(a) Organization and Authority. The Commission (i) is a real property tax increment financing commission duly organized and existing under the TIF Act; (ii) has lawful power and authority to enter into, execute and deliver this Agreement, and to carry out its obligations hereunder; and (iii) by all necessary action has been duly authorized to execute and deliver this Agreement, acting by and through its duly authorized officers.

(b) No Defaults or Violations. The execution and delivery of this Agreement by the Commission will not result in a breach of any of the terms of, or constitute a default under, any agreement or instrument to which the Commission is a party or by which it is or any of its property is bound, or its bylaws, or any of the constitutional or statutory laws, rules or regulations applicable to the Commission or its property.

(c) Public Purpose. The Plan will further the public purposes of the TIF Act.

(d) Tax Increment Financing Proceedings. The Commission, as authorized under the TIF Act and Ordinance, has complied with all required proceedings and approvals in connection with the approval of the Plan, designation of the Redevelopment Area as a blighted area and recommendation to the Council that it approve the Plan and the Redevelopment Projects, all in accordance with the TIF Act.

(e) No Litigation. To the knowledge of the Commission, there is no litigation or proceeding pending or threatened against the Commission or any other person affecting the right of the Commission to execute or deliver this Agreement or the ability of the Commission to comply with its obligations under this Agreement. Neither the execution and delivery of this Agreement by the Commission, nor compliance by the Commission with its obligations under this Agreement, require the approval of any regulatory body, or any other entity, which approval has not been obtained.

Section 2.2. Representations by the Issuer. The Issuer represents and warrants to the Commission and the Trustee as follows:

(a) Organization and Authority. The Issuer (i) is a constitutionally chartered city validly existing under the laws of the State of Missouri; (ii) has lawful power and authority to enter into, execute and deliver this Agreement and to carry out its obligations hereunder; and (iii) by all necessary action has been duly authorized to execute and deliver this Agreement, acting by and through its duly authorized officers.

(b) No Defaults or Violations. The execution and delivery of this Agreement by the Issuer will not conflict with or result in a breach of any of the terms of, or constitute a default under, any agreement or instrument to which the Issuer is a party or by which it or any of its property is bound, or any of the constitutional or statutory laws, rules or regulations applicable to the Issuer or its property.

(c) Public Purpose. The Linwood Project will promote the economic, social, industrial, cultural and commercial growth of the Issuer and will contribute to the general welfare and benefit of the Issuer.

(d) Tax Increment Financing Proceedings. The Issuer has duly completed all required proceedings and approvals in connection with approval of the Plan, designation of the Redevelopment Area as a blighted area in accordance with the TIF Act.

(e) No Litigation. To the knowledge of the Issuer, there is no litigation or proceeding pending or threatened against the Issuer or any other person affecting the right of the Issuer to execute this Agreement or to otherwise comply with the obligations under this Agreement. Neither the execution and delivery of this Agreement by the Issuer, nor compliance by the Issuer with its obligation under this 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 Issuer and the Commission contained in this Agreement or in any certificate or other instrument delivered by the Issuer and the Commission pursuant to this Agreement, or in connection with the transactions contemplated thereby, shall survive the execution and delivery thereof.

ARTICLE III

GENERAL COVENANTS AND OBLIGATIONS

Section 3.1. Issuance of Taxable Bonds. The Issuer shall issue the Series 2017A Bonds, a portion of the proceeds of which shall be used to pay costs to implement the Linwood Project (such portion of the Bonds is referred to herein as the “Linwood Project Bonds”). It is anticipated that the principal of and interest on the Linwood Project Bonds (the “Linwood Project Debt Service Portion”) will be paid, at least in part, from Economic Activity Tax Revenues. Fees and expenses of the Co-Bond Counsel, Commission Counsel, the underwriter and the Trustee and other costs of issuance shall be paid from proceeds of the Series 2017A Bonds.

Section 3.2. Use of Economic Activity Tax Revenues and Additional City EATs. The Economic Activity Tax Account and the Additional City EATs Fund shall be maintained and administered by or on behalf of the Commission solely for the purposes provided herein and in the Indenture until such time as the Indenture shall have been discharged in accordance with Article X thereof. The Commission, within five (5) days of receipt of all Economic Activity Tax Revenues and all Additional City EATs received by or credited to it, shall cause the books and records related to the Economic Activity Tax Account and the Additional City EATs Fund that are maintained by or on behalf of the Commission to reflect that the Commission has received and deposited, all Economic Activity Tax Revenues into the Economic Activity Tax Account and all Additional City EATs into the Additional City EATs Fund. The Commission shall thereafter cause the books and records related to the Economic Activity Tax Account and the Additional City EATs Fund to reflect a transfer of all such amounts to the Trustee, as needed, pursuant to **Section 4.2** below.

ARTICLE IV

ECONOMIC ACTIVITY TAX REVENUES AND ADDITIONAL CITY EATs

Section 4.1. Assignment by Commission. The Commission hereby agrees that the moneys and securities held in the Economic Activity Tax Account of the Special Allocation Fund constituting Economic Activity Tax Revenues, moneys and securities held in the Additional City EATs Fund constituting Additional City EATs, and all proceeds thereof, may be applied to pay the Linwood Project Bonds and the fees and expenses related thereto, and to pay the Linwood Project Debt Service Portion of the Series 2017A Bonds, as provided by **Section 4.2(b)**.

Section 4.2. Maintenance and Transfer of Economic Activity Tax Revenues and Additional City EATs.

(a) It is anticipated that most of the Economic Activity Tax Revenues and Additional City EATs to be received by the Commission in a year will be received in March and September of such year, and thereafter the books and records of the Commission shall reflect that such amounts have been deposited to the Economic Activity Tax Account and the Additional City EATs Fund, respectively, as provided pursuant to **Section 3.2** above. The Commission shall transfer to the Trustee, or cause the City to transfer to the Trustee (if the Special Allocation Fund and/or the Additional City EATs Fund shall be maintained and administered by the City on the Commission's behalf) on each April 1 and October 1 (each, a "Payment Date"), Economic Activity Tax Revenues and Additional City EATs, to the extent available, in an amount sufficient to pay the entire amount of the Linwood Project Debt Service Portion due on each Payment Date in such year, subject to annual appropriation.

(b) The Commission, subject to its satisfaction of all conditions set forth in **Section 4.5**, shall, upon request of the Issuer or the Trustee, as soon as practicable, but in any event prior to the 15th day of each month, transfer to the Issuer (or to the Trustee upon direction of the Issuer) all available Economic Activity Tax Revenues received in the previous month and reflected on the books and records maintained by or on behalf of the Commission as being deposited in the Economic Activity Tax Account and all available Additional City EATs received in the previous month and reflected on the books and records maintained by or on behalf of the Commission as being deposited in the Additional City EATs Fund as is necessary to pay the amount of the Linwood Project Debt Service Portion due on the next succeeding Payment Date.

(c) The Issuer shall, as soon as practicable (but not less than the Business Day prior to each Payment Date) after receipt thereof, cause its books and records to reflect the transfer of Economic Activity Tax Revenues and Additional City EATs it shall have received from the Commission, subject to annual appropriation thereof, held in the Special Allocation Fund and/or Additional City EATs Fund maintained by the Issuer or in such fund or account as is maintained by the Issuer from which the Issuer will pay to the Trustee the Linwood Project Debt Service Portion, together with Economic Activity Tax Revenues and Additional City EATs that have been reflected on the books and records of the Commission as being deposited with the Issuer by the Commission as provided in (b), in such aggregate amount as equals the Linwood Project Debt Service Portion to the Trustee with notice to the Commission.

(d) Economic Activity Tax Revenues will next be applied to pay the costs set forth in **Sections 4.3(b), (c) and (d)**.

(e) Additional City EATs will next be applied to pay costs set forth in **Sections 4.4(b) and (c)**.

Section 4.3. Application of Economic Activity Tax Revenues. Notwithstanding anything herein or in the Indenture to the contrary, the Economic Activity Tax Revenues, to the extent available, shall be applied in the following order of priority:

(a) To the Trustee for deposit in the Series 2017A Debt Service Fund held by the Trustee under the Indenture, an amount sufficient to pay the Linwood Debt Service Portion on the Series 2017A Bonds on the next succeeding Payment Date;

(b) To the Trustee or any Paying Agent, an amount sufficient for payment of any reasonable fees and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the Issuer of an invoice for such amounts, and to the Commission and the Issuer, an amount sufficient to reimburse the Commission and the Issuer for their reasonable administrative and professional service costs and expenses (including staff time) in connection with the performance of their obligations under this Agreement or the Plan; and

(c) To the Commission or City, as the case may be, for certain planning and special services expenses of the Commission or City that are not direct Redevelopment Project Costs, but that are incidental costs to the Plan, that are equal to 5% of annual Economic Activity Tax Revenues; and

(d) To the credit of the Economic Activity Tax Account of the Special Allocation Fund held by or on behalf of the Commission to be applied as provided in the TIF Act, including the redemption of Linwood Project Bonds.

The Commission hereby irrevocably confirms and certifies that the disbursement of monies to pay debt service on the Linwood Project Bonds as provided herein constitutes a payment of reimbursable Redevelopment Project Costs identified by the Plan.

Section 4.4. Application of Additional City EATs. Notwithstanding anything herein or in the Indenture to the contrary, the Additional City EATs shall be applied in the following order of priority:

(a) To the Trustee for deposit in the Series 2017A Debt Service Fund held by the Trustee under the Indenture, an amount sufficient to pay the Linwood Debt Service Portion on the Series 2017A Bonds on the next succeeding Payment Date, to the extent amounts received by the Trustee, pursuant to **Section 4.3(a)**, are insufficient to pay all of the Linwood Debt Service Portion on the Series 2017A Bonds on the next succeeding Payment Date;

(b) To the Trustee or any Paying Agent, an amount sufficient for payment of any reasonable fees and expenses which are due and owing to the Trustee or any Paying

Agent, upon delivery to the Issuer of an invoice for such amounts, and to the Commission and the Issuer, an amount sufficient to reimburse the Commission and the Issuer for their reasonable administrative and professional service costs and expenses (including staff time) in connection with the performance of their obligations under this Agreement or the Plan, to the extent amounts received by the Trustee, Paying Agent, Issuer and Commission, pursuant to **Section 4.3(b)**, are insufficient to pay such reasonable fees, costs and expenses; and

(c) To an account or fund maintained by the City for the purpose of redeeming the Linwood Project Bonds.

The Commission and Issuer hereby irrevocably confirm and certify that the disbursement of monies to pay debt service on the Linwood Project Bonds as provided herein constitutes a payment of reimbursable Redevelopment Project Costs identified by the Plan

Section 4.5. Conditions to Transfer Economic Activity Tax Revenue and Additional City EATs. Prior to the Commission causing its books and records to reflect the transfer of Economic Activity Tax Revenues and Additional City EATs to the Issuer or causing the City to transfer to the Trustee (if the Special Allocation Fund shall be maintained and administered by the City on the Commission's behalf), as provided by **Section 4.2(b)**, the Commission shall be satisfied, in its sole discretion, that the following conditions have been satisfied:

(a) Economic Activity Tax Revenues shall be applied in accordance with **Section 4.3** hereof;

(b) the City shall have caused all Linwood Redevelopment Project Costs that are to be paid or reimbursed with proceeds of the Series 2017A Bonds to be certified by the Commission in accordance with the Commission's Certification of Costs and Reimbursement Policy, attached hereto as **Exhibit B**, as it may be amended from time to time by the Commission;

(c) the Commission shall have duly adopted a resolution, which sets forth: (1) the amount of Linwood Redevelopment Project Costs previously certified by the Commission that have not been paid and (2) the amount of Linwood Redevelopment Project Costs certified by the Commission which may be then reimbursed or paid from the proceeds of the Series 2017A Bonds; and

(d) the Commission shall have received, upon request, but no less frequently than monthly (until all proceeds of the Series 2017A Bonds are expended), a report or statement that details all proceeds paid to or on behalf of the Linwood Project; and

(e) no proceeds of the Series 2017A Bonds shall be paid for Linwood Redevelopment Project Costs that may be reimbursed pursuant to the Plan, in excess of unpaid Redevelopment Project Costs previously certified by the Commission's Cost Certifier and approved by resolution of the Commission.

ARTICLE V

GENERAL COVENANTS AND PROVISIONS

Section 5.1. Annual Appropriations; Annual Budget Request. The Issuer intends, on or before the last day of each Fiscal Year, to budget and appropriate Economic Activity Taxes and Additional City EATs to pay the Linwood Project Debt Service Portion for the next succeeding Fiscal Year.

Section 5.2. Economic Activity Tax Revenues and Additional City EATs to Constitute Current Expenses of the Issuer. The Commission and the Issuer acknowledge and agree that the appropriation of Economic Activity Tax Revenues and Additional City EATs hereunder shall constitute currently budgeted expenditures of the Issuer, and shall not in any way be construed or interpreted as creating a liability or a general obligation or debt of the Issuer in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the Issuer, nor shall anything contained herein constitute a pledge of the general credit, tax revenues, funds or moneys of the Issuer. The Issuer's obligations to pay Economic Activity Tax Revenues and Additional City EATs hereunder shall be from year to year only, and shall not constitute a mandatory payment obligation of the Issuer in any ensuing Fiscal Year beyond the then current Fiscal Year. Neither this Agreement nor the issuance of the Series 2017A Bonds shall directly or indirectly obligate the Issuer to levy or pledge any form of taxation or make any appropriation or make any payments beyond those appropriated for the Issuer's then current Fiscal Year, but in each Fiscal Year Economic Activity Tax Revenues and Additional City EATs 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 Linwood Project Bonds or the Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture.

ARTICLE VI

ASSIGNMENT OF COMMISSION'S AND ISSUER'S INTEREST'S

Section 6.1. Restriction on Transfer of Commission's Interests. The Commission will not sell, assign, transfer or convey its interests in this Agreement, the Economic Activity Tax Account (to the extent of Economic Activity Tax Revenues deposited therein), the Economic Activity Tax Revenues, the Additional City EATs Fund (to the extent of Additional City EATs deposited therein) or Additional City EATs, except pursuant to this Agreement.

Section 6.2. Restriction on Transfer of Issuer's Interests. The Issuer will not sell, assign, transfer or convey its interests in the Economic Activity Tax Revenues, Additional City EATs or this Agreement, except pursuant to this Agreement. The Issuer will not enter into any tax-sharing agreement or other similar arrangement with respect to this Agreement.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default Defined. The term “Event of Default” shall mean any one or more of the following events:

(a) Failure to timely transfer Economic Activity Tax Revenues or Additional City EATs to the Trustee pursuant to **Section 4.2(a)** hereof, subject to annual appropriation.

(b) Failure by the Commission or the Issuer to observe and perform any covenant, condition or agreement on the part of the Commission or the Issuer under this Agreement, the Indenture or any other document each has entered into in connection with the financing of the Linwood Project, other than as referred to in subparagraph (a) of this Section, for a period of 30 days after written notice of such default has been given to the Issuer or the Commission, during which time such default is neither cured by the Commission or the Issuer nor waived in writing by the Trustee, provided that, if the failure stated in the notice cannot be corrected within said 30-day period, the Trustee may consent in writing to an extension of such time prior to its expiration if corrective action is instituted by the Commission or the Issuer within the 30-day period and diligently pursued to completion and if such consent, in the judgment of the Trustee, does not materially adversely affect the interests of the owners of the Bonds.

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

Section 7.2. Remedies in an Event of Default. Whenever any Event of Default shall have occurred and be continuing, the Commission or the Issuer, as applicable, may immediately proceed to take whatever other action at law or in equity is necessary and appropriate to exercise or to cause the exercise of the rights and powers set forth herein as may appear necessary or desirable to collect the amounts payable pursuant to this Agreement then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement or covenant of the Commission or the Issuer under this Agreement or the Indenture.

Section 7.3. No Remedy Exclusive. 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 Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon an Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 7.4. Commission and Issuer to Give Notice of an Event of Default. The Commission and the Issuer shall each promptly give to the Trustee written notice of any Event of Default of which the Commission or the Issuer, as the case may be, shall have actual knowledge or written notice, but the Commission and the Issuer shall not be liable for failing to give such notice.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Terms of Agreement. The Issuer and the Commission agree that the benefits of tax increment financing shall be available to the Issuer, as to each Redevelopment Project Area, for Economic Activity Tax Revenues and Additional City EATs collected in such Redevelopment Project Area until the date which is twenty-three (23) years from the adoption of each separate ordinance designating each such Redevelopment Project Area, which is in accordance with the time periods set forth in the TIF Act.

Section 8.2. Amendment. This Agreement may be amended upon written agreement of the Issuer and the Commission. A copy of any amendment or supplement hereto shall be delivered to the Trustee.

Section 8.3. Notices. All written notices required by this Agreement shall be in writing and shall be served either personally or by certified mail, or by any other delivery service which obtains a receipt for delivery unless any such notice required by law and such law provides a different form of delivery or service. Any such notice or demand served personally shall be delivered to the party being served (provided that such notice may be delivered to the receptionist or any other person apparently in charge of such party's office at its address hereinafter set forth}, and shall be deemed complete upon the day of actual or attempted delivery, as shown by an affidavit of the person so delivering such notice. Any notice so served by certified mail shall be deposited in the United States mail with postage thereon fully prepaid and addressed to the party or parties so to be served at its address hereinafter stated, and service of any such notice by certified mail shall be deemed complete on the date of actual or attempted delivery as shown by the certified mail receipt. Service of any such notice by another delivery service shall be deemed complete upon the date of actual or attempted delivery as shown on the receipt obtained by such delivery service.

Any notice to the Commission shall be addressed to the Secretary of the Commission at:

Tax Increment Financing Commission of Kansas City, Missouri
1100 Walnut, Suite 1700
Kansas City, Missouri 64106

with copy to:

Wesley O. Fields
Bryan Cave LLP
1200 Main Street, Suite 3800
Kansas City, Missouri 64105

Notices to the Issuer shall be addressed to:

Director of Finance
City Hall
414 East 12th Street, 3rd Floor
Kansas City, Missouri 64106

with a copy to:

City Attorney
City Hall
414 East Twelfth Street, 23rd Floor
Kansas City, Missouri 64106
Attn: Brian Rabineau, Esq.

Notices to the Trustee shall be addressed to

UMB Bank, N.A.
1010 Grand Boulevard
Kansas City, Missouri 64106
Attn: Corporate Trust Department

Each party shall have the right to specify that notice be addressed to any other address by giving to the other party ten (10) days written notice thereof.

Section 8.4. Performance Date Not a Business Day. If any date for the taking of any action hereunder is on a Saturday, Sunday or business holiday of the State of Missouri, then 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 8.5. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, Commission and Trustee, and their respective successors and assigns.

Section 8.6. Amendments, Changes and Modifications. This Agreement may not be effectively amended, changed, modified, altered or terminated without the prior concurring written consent of all the parties hereto.

Section 8.7. Execution in Counterparts. This 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 8.8. No Pecuniary Liability. All covenants, obligations and agreements of the Issuer, the Commission or the Trustee contained in this Agreement 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 Issuer, Commission or Trustee in other than their official capacity.

Section 8.9. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof, and supersedes and replaces any and all prior oral agreements or written agreements, arrangements, and understandings related thereto.

Section 8.10. Severability. If any provision of this 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 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 8.11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

Section 8.12. Contractual payments in lieu of taxes. The City and Commission hereby acknowledge that the Redevelopment Area is currently owned by the City, and therefore exempt from real property taxation. For so long as the City, or any political subdivision of the State of Missouri shall retain title to the Redevelopment Area, the City and Commission anticipate that the Redevelopment Area shall remain exempt from real property taxation. In such event, the Redevelopment Area shall not generate "Payments in Lieu of Taxes," as such term is defined by the TIF Act. On that basis, the City and Commission specifically intended to exclude making any provision in this Agreement for the receipt and utilization of Payments in Lieu of Taxes. Notwithstanding the foregoing, the Commission is aware that the City desires to impose certain contractual obligations upon certain tenants within the Redevelopment Area, whereby such tenants shall make contractual payments, which payments shall accrue solely to the benefit of the City. The Commission has been advised by the City that, pursuant to Section 3.A of that certain Master Lease and Completion Agreement dated May 9, 2016 by and between the City and Linwood Shopping Center Initiative, LLC, as the same may be amended from time-to-time, Linwood Shopping Center Initiative, LLC, is obligated to make such contractual payments in lieu of taxes to the City as the City and the Commission may by their mutual agreement provide. The City and Commission hereby agree and provide that the payment due the City from Linwood Shopping Center Initiative, LLC shall be Sixty-Two Thousand Two Hundred Ten Dollars (\$62,210.00) per annum for such duration as the City and Linwood Shopping Center Initiative, LLC shall have provided by the terms of their agreement. Such payments shall not be deposited within the Special Allocation Fund nor pledged in the Indenture, and shall not be transferred to the Trustee, notwithstanding anything in this Agreement to the contrary.

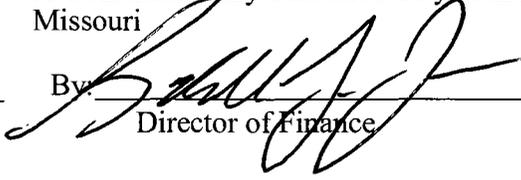
[The remainder of this page left intentionally blank. Signatures follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on their behalf as of the date first above written.

ATTEST:

CITY OF KANSAS CITY, MISSOURI,
A Constitutionally Chartered City of the State of Missouri

By: 
City Clerk

By: 
Director of Finance

APPROVED AS TO FORM & LEGALITY:

By: 
Assistant City Attorney

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

BE IT REMEMBERED, that on this 6 day of April, 2017, before me, the undersigned, a notary public in and for the county and state aforesaid, came RANDALL LANDES of Kansas City, Missouri, existing under and by virtue of the laws of the State of Missouri, and MARILYN SANDERS, of Kansas City, Missouri, who are personally known to me to be the same persons who executed, as officials, the within instrument on behalf of said political subdivisions, and such persons duly acknowledge this execution of the same to be the act and deed of said political subdivisions.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.


Notary Public

My Commission Expires:

KRISTY CHERI TYSON COTTON
Notary Public - Notary Seal
State of Missouri, Jackson County
Commission # 14973498
My Commission Expires Sep 3, 2018

ATTEST:

TAX INCREMENT FINANCING
COMMISSION OF KANSAS CITY,
MISSOURI,

By: *Heather A. Brown*
Heather A. Brown, Secretary

By: *Cynthia M. Circo*
Cynthia M. Circo, Chair

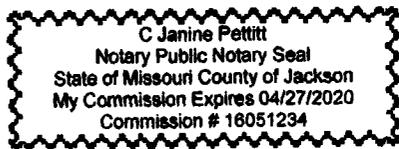
APPROVED AS TO FORM & LEGALITY:

By: *G. Fuda*
Attorney to the Tax Increment
Financing Commission

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

BE IT REMEMBERED, that on this day of 21 day of March, 2017, before me, the undersigned, a notary public in and for the county and state aforesaid, came CYNTHIA M. CIRCO, to me personally known, who being by me duly sworn did say that she is the CHAIR of the Tax Increment Financing Commission, a Missouri statutory agency, and that the seal affixed to the foregoing instrument is the seal of such agency and that said instrument as signed on behalf of such agency by authority of its Board of Commissioners, and CYNTHIA M. CIRCO acknowledged said instrument to be the free at and deed of such agency.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.



C. Janine Pettitt
Notary Public

My Commission Expires:

April 27, 2020

EXHIBIT A

Legal Description of Redevelopment Project Areas

Project 1 (Grocery Store)

A parcel of land situated in a portion of Tracts V & VI, "MOONEY PLACE", a subdivision of land in the City of Kansas City, Jackson County, Missouri, said parcel being more particularly described as follows:

(Note: The bearing system in the following description is based on Grid North, Missouri Coordinate System of 1983/97).

Commencing at the Northwest corner of said Tract VII, said point being the intersection of the East right-of-way line of Olive Street, as now established and the South right-of-way line of 31st Street, as now established;

Thence South 02°11'28" West 159.70 feet along said East right-of-way line;

Thence South 87°48'32" East 51.36 feet, along a line perpendicular to said East right-of-way line, to the Northwest corner of Building No. 3110, said point being the "point of beginning";

Thence South 87°51'22" East 87.87 feet, along the North face of said Building No. 3110, to a jog to the South in said North face, said point being on the West face of Building No. 3106;

Thence South 02°07'31" West 0.50 feet, along said jog to the South, to a jog to the East in said North face, said point being the on center line of a 1.00 foot wide concrete block party wall, said point also being the Southwest corner of said Building No. 3106;

Thence South 87°51'27" East 130.02 feet, along said center line, to the Northeast corner of said Building No. 3110 and the Southeast corner of said Building No. 3106;

Thence South 02°11'02" West 64.63 feet, along the East face of said Building No. 3110, to a jog to the Southeast in said East face;

Thence South 42°45'17" East 21.23 feet along said East face and said jog to the Southeast, to a jog to the South in said East face;

Thence South 02°01'21" West 29.81 feet along said East face, to a jog to the Southwest in said East face;

Thence South 47°08'07" West 21.30 feet along said East face and said jog to the Southwest, to a jog to the South in said East face;

Thence South 02°09'25" West 64.59 feet, along said East face, to the center line of a 1.00 wide concrete block party wall, said point also being the Southeast corner of said Building No. 3110 and the Northeast corner of Building No. 3130;

Thence North 87°49'28" West 79.99 feet, along said center line, to a jog to the South in the South face of said Building 3110, said point being the Northwest corner of said Building No. 3130;

Thence South 02°08'55" West 0.50 feet, along said jog to the South in said South face and the West face of said Building 3130;

Thence North 87°47'26" West 112.90 feet, along said South face, to the Southwest corner of said Building No. 3110;

Thence North 02°08'35" East 134.94 feet, along the West face of said Building No. 3110, to a jog to the West in said West face;

Thence North 88 °00'20" West 25.02 feet, along said jog to the West, to a jog to the North in said West face;

Thence North 02°14'43" East 55.09 feet, along said West face, to the "point of beginning" of the parcel herein described, containing 38,609 square feet or 0.8863 acres, more or less.

Subject to all easements and restrictions of record.

Project 2 North Retail Shops

A parcel of land situated in a portion of Tracts VI & VII, "MOONEY PLACE", a subdivision of land in the City of Kansas City, Jackson County, Missouri, said parcel being more particularly described as follows:

(Note: The bearing system in the following description is based on Grid North, Missouri Coordinate System of 1983/97).

Commencing at the Northwest corner of said Tract VII, said point being the intersection of the East right-of-way line of Olive Street, as now established and the South right-of-way line of 31st Street, as now established;

Thence South 02°11'28" West 55.29 feet along said East right-of-way line;

Thence South 87°48'32" East 117.16 feet, along a line perpendicular to said East right-of-way line, to the Northwest corner of Building No. 3102, said point being the "point of beginning";

Thence South 87°48'18" East 38.04 feet, along the North face of said building, to a jog to the South in said North face;

Thence South 01°35'26" West 0.77 feet, along said North face, to a jog to the East in said North face;

Thence South 88°05'03" East 114.03 feet, along said North face and said jog to the East, to the Northeast corner of said Building No. 3102;

Thence South 02°11'00" West 104.50 feet, along the East face of said Building No. 3102, to the center line of a 1.00 foot wide concrete block party wall, said point also being the Southeast corner of Building No. 3106;

Thence North 87°51'27" West 130.02 feet, along said center line, to the Southwest corner of said Building No. 3106;

Thence North 02°07'31" East 64.62 feet, along the West face of said Building No. 3106, to the South face of said Building No. 3102;

Thence North 87°44'05" West 21.93 feet, along said South face, to appoint on the West face of said Building No. 3102;

Thence North 02°05'32" East 40.19 feet, along said West face, to the "point of beginning" of the parcel herein described, containing 14,454 square feet or 0.3318 acres, more or less.

Subject to all easements and restrictions of record.

Project 3 South Retail Shops

A parcel of land situated in a portion of Tract IV, "MOONEY PLACE", a subdivision of land in the City of Kansas City, Jackson County, Missouri, said parcel being more particularly described as follows:

(Note: The bearing system in the following description is based on Grid North, Missouri Coordinate System of 1983/97).

Commencing at the Southwest corner of Tract I of said "MOONEY PLACE", said point being the intersection of the North right-of-way line of Linwood Boulevard, as now established and the East right-of-way line of Olive Street, as now established;

Thence South $87^{\circ}26'23''$ East 188.94 feet along said North right-of-way line;

Thence North $02^{\circ}33'37''$ East 79.05 feet, along a line perpendicular to said East right-of-way line, to the Southwest corner of Building No. 3130, said point being the "point of beginning";

Thence North $02^{\circ}08'55''$ East 132.31 feet, along the West face of said Building No. 3130, to the Northwest corner of said Building No. 3130, said point also being on the center line of a 1.00 foot wide concrete block party wall;

Thence South $87^{\circ}49'28''$ East 79.99 feet, along said center line, to the Northeast corner of said Building No. 3130 and the Southeast corner of said Building No. 3110, said point also being a jog to the Southeast of said Building No. 3130;

Thence South $42^{\circ}35'33''$ East 8.58 feet, along said East face and said jog to the Southeast, to a jog to the South in said East face;

Thence South $02^{\circ}11'16''$ West 29.09 feet, along said East face and said jog to the South, to a jog to the Southeast in said East face;

Thence South $43^{\circ}09'35''$ East 9.95 feet, along said East face and said jog to the Southeast, to a jog to the South in said East face;

Thence South $02^{\circ}16'47''$ West 57.90 feet, along said East face and said jog to the South, to a jog to the Southwest in said East face;

Thence South $46^{\circ}35'37''$ West 9.69 feet, along said East face and said jog to the Southwest, to a jog to the West in the South face of said Building No. 3130;

Thence North $87^{\circ}49'41''$ West 93.13 feet, along said South face, to the "point of beginning" of the parcel herein described, containing 12,472 square feet or 0.2863 acres, more or less.

Subject to all easements and restrictions of record.

EXHIBIT B

Certification of Costs and Reimbursement Policy

Policy Name: Certification of Costs and Reimbursement Policy

Date Approved: January 14, 2004; Revised September 8, 2004, March 9, 2005, November 9, 2005, January 11, 2006 , September 12, 2007, May 13, 2009 and October 14, 2009

Resolution Number: 1-1-04, 9-2-04, 3-4-05, 11-3-05, 1-4-06 , 9-28-07, 5-22-09 and 10-15-09

Policy Statement: The purpose of this Certification of Costs and Reimbursement Policy is to outline the procedure and set forth all such requirements and obligations that redevelopers of Redevelopment Plans (“Redeveloper(s)”), the Tax Increment Financing Commission (the “TIF Commission”) and the TIF Commission’s independent cost certifier (the “Cost Certifier”) must observe and comply with such that Redevelopers may be reimbursed for eligible Redevelopment Costs incurred in connection with the implementation of a Redevelopment Plan, Redevelopment Project or public improvement. (All capitalized terms not defined herein shall have the respective meanings ascribed to them in the Real Property Tax Increment Financing Allocation Act, Sections 99.800 to 99.865, inclusive, of the Revised Statutes of Missouri, as amended, the “Act”).

Actions Required Prior to Certification

1. The TIF Commission and the City Council of Kansas City, Missouri (the “City”) must (a) make all such findings required by Section 99.810 of the Act with respect to any Redevelopment Plan or Redevelopment Project, (b) approve a budget of eligible Redevelopment Costs (the “Budget”), which shall be incorporated as an exhibit to the Redevelopment Plan and a redevelopment agreement, (c) approve such Redevelopment Project, by separate ordinance, pursuant to which costs have been incurred and are eligible for reimbursement and (d) activate the Redevelopment Area or Redevelopment Project in which TIF Revenue will be generated and utilized to reimburse Redevelopment Costs.
2. The TIF Commission and Redeveloper must properly execute a funding agreement and the Redeveloper must deliver to the TIF Commission all such amounts due and owing thereunder from time to time. Redevelopment Costs shall not be reimbursed if any amounts owing under the funding agreement are in dispute or the Redeveloper is otherwise in breach of the funding agreement.
3. The TIF Commission and the Redeveloper must properly execute a redevelopment agreement, which shall provide, inter alia, for the implementation of such improvements identified within a Redevelopment Plan and for which the Redeveloper will incur costs and seek reimbursement. Redevelopment Costs shall not be certified or reimbursed if the Redeveloper is in breach of a redevelopment agreement. In no event shall a Redeveloper be reimbursed for (a) any fee imposed upon a Redeveloper, as a result of such Redeveloper’s request of the TIF Commission to delay its consideration of a Redevelopment Plan, Project or amendment thereto or (b) any penalty fees, interest charges or any additional

costs related thereto, which are imposed as a result of the Redeveloper's noncompliance with the terms of any agreement that relates to the implementation of a Redevelopment Plan, Redevelopment Project or public improvement.

4. The TIF Commission and the City must properly execute an agreement, which provides, inter alia, for the establishment of a Special Allocation Fund from which the TIF Commission will utilize to reimburse the Redeveloper for Redevelopment Costs.
5. In the event the actual Redevelopment Costs submitted for reimbursement by the Redeveloper, which are attributed to a single line item within the Budget, exceed the budget for such single line item by more than the lesser of 10% or an amount in excess of \$1 million, the Redevelopment Plan must be amended to reflect the increased Redevelopment Costs prior to reimbursement. To the extent there is a dispute between the Cost Certifier and the Redeveloper as to whether the excess costs should be attributed to a particular line item within the Budget, the Commission shall accept the interpretation of the Cost Certifier.
6. In the event the actual aggregate amount of Redevelopment Costs submitted for reimbursement by the Redeveloper exceed the aggregate amount of Redevelopment Costs set forth in the Budget by more than the lesser of 10% or an amount in excess of \$1 million, the Redevelopment Plan must be amended to reflect the increased Redevelopment Costs prior to reimbursement.

Obligation of Redeveloper Prior to Reimbursement

1. Prior to the TIF Commission's reimbursement of any Redevelopment Costs, the Redeveloper must certify to the TIF Commission, on a form substantially similar to Schedule 1, that to its knowledge, there exists no Hazardous Substances, at levels above applicable clean-up standards on any real property within the Redevelopment Area. In the event such Hazardous Substances exist, the Redeveloper shall state, in writing, what measures it intends to undertake to clean-up such Hazardous Substances to standards consistent with federal, state and local laws. For purposes of this section, Hazardous Substance means any substance that is (i) oil or other petroleum products, (ii) "hazardous waste," as defined by the Resource Conservation and Recovery Act, as amended (RCRA), 42 U.S.C. §6901 *et. seq.*, or similar state or local law, ordinance, regulation or order (iii) "hazardous substances" as defined by the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended (CERCLA), 42 U.S.C. §9601 *et. seq.*, or similar state or local law, ordinance, regulation or order (iv) "hazardous materials as defined by the Hazardous Materials Transportation Act, as amended (HMTA), 49 U.S.C. §1802, or similar state or local law, ordinance, regulation or order (v) "radioactive materials" subject to the Atomic Energy Act, as amended (AEA) 42 U.S.C. §2014 *et. seq.*, or similar state or local law, ordinance, regulation or order, and (vi) any other pollutant, contaminant, chemical, or substance whose presence creates or could create a hazard to health or the environment or violation of any federal, state, or local law.

2. Prior to the TIF Commission's reimbursement of any eligible reimbursable Redevelopment Costs, the Redeveloper, upon incurring any eligible reimbursable Redevelopment Project Costs and thereafter until the earlier of (a) all eligible reimbursable Redevelopment Project Costs having been reimbursed or (b) the Redevelopment Agreement having been terminated, shall submit to the Commission no less frequently than semi-annually two (2) copies of all documentation, as reasonably requested by the TIF Commission or the Cost Certifier, to substantiate that such Redevelopment Costs were incurred, including, but not limited to, an itemized report, certified by an officer of the Redeveloper, which shall identify and detail any Redevelopment Costs related to time spent by the Redeveloper's staff in connection with the implementation of a Redevelopment Project or Redevelopment Plan, payments made to Minority Owned Businesses ("MBE's") and Women Owned Businesses ("WBE's"), which have been certified by the City of Kansas City, Missouri and who are listed on the Redeveloper's construction services utilization plan or professional services utilization plan (the "Utilization Plans"), invoices supporting the actual expenditure requested for certification; a list of disbursements to date, check number, payee, amount and purpose of disbursement; and support for any interest calculation.
3. Prior to the TIF Commission's reimbursement of any eligible Redevelopment Costs, the Redeveloper shall submit an affidavit to the TIF Commission certifying (a) the sources of funds to pay all Redevelopment Costs and (b) that the Redevelopment Costs that shall be reimbursed with Payments in Lieu of Taxes (PILOTs), Economic Activity Taxes (EATs) and such other funds within the Special Allocation Fund shall not be reimbursed or otherwise paid from any other source.
4. Within ten (10) business days after each March 31, June 30, September 30 and December 31 (each a "MBE/WBE Certification Date"), beginning March 31, 2006, the Redeveloper shall identify and document to the Commission's and Cost Certifier's satisfaction all costs and expenses incurred by the Redeveloper in connection with its utilization of MBE's and WBE's listed on its Utilization Plans in the implementation of a Redevelopment Plan, or a Redevelopment Project or Public Improvement identified by a Redevelopment Plan, for the three (3) months preceding such MBE/WBE Certification Date.
5. Prior to reimbursement of eligible Redevelopment Costs, the Redeveloper shall cause its contractors and subcontractors to file with the TIF Commission an affidavit stating that it has complied with the Missouri Prevailing Wage Act, RSMo. §§ 290.210 to 290.340.
6. All closing costs and expenses related to the issuance of bonds, which are to be financed by Economic Activity Taxes (EATs) and/or Payments in Lieu of Taxes (PILOTs), must be incorporated into a budget and submitted to the TIF Commission for approval prior to the TIF Commission declaring its intent to proceed with issuing or consenting to the issuance of bonds to pay for

Redevelopment Costs (see TIF Commission's Bond Disbursement Policy – Resolution #5-6-04).

7. The Redeveloper will be requested to be present during the TIF Commission meeting to address questions or concerns that may arise concerning a certification request.

Obligation of TIF Commission Staff During Certification Process

1. Staff to the Commission ("TIFC Staff") will forward to the Cost Certifier a cover letter detailing the following: (a) the certification request as stated by the Redeveloper, (b) a list of all MBE's and WBE's identified in a certification request, (c) any special issues related to the certification request or the Redevelopment Project (i.e. environmental concerns and cost overruns), (d) a contact person for the Redeveloper, (e) the date the TIFC Staff would like to receive a completed report from the Cost Certifier and (f) the date TIFC Staff would like to present the certification request and the Cost Certifier's report to the TIF Commission.
2. TIFC Staff will forward original documentation submitted by the Redeveloper to the Cost Certifier along with the following, if necessary: a copy of the Redevelopment Plan and necessary amendments; a copy of the current redevelopment agreement; a copy of governing Redevelopment Project resolutions and ordinances; a copy of any other internal documentation that may assist in the process of certifying Redevelopment Costs such as other agreements or contracts; and any other information requested by the Cost Certifier.
3. In the event questions or requests for additional documentation arise during the review process, TIFC Staff will maintain a copy of all additional documentation provided to the Cost Certifier.
4. The Commission shall not consider requests for reimbursement of eligible Redevelopment Project Costs from the Redeveloper (a) that are not submitted by the Redeveloper pursuant to this policy (unless such requests for reimbursement are made pursuant to the TIF Commission's Bond Disbursement Policy) and (b) that are not submitted to the Commission within eighteen (18) months from the date such eligible reimbursable Redevelopment Project Costs were incurred by the Redeveloper.

Cost Certifier's Review and Report

1. Upon the Cost Certifier's receipt of a request for certification, the Cost Certifier shall review all documentation provided with such request.
2. The Cost Certifier will issue a report notating the amount recommended for certification by the TIF Commission, any disallowed or questioned costs and what costs are considered to be associated with infrastructure. The Cost Certifier will

give a complete breakout of all costs, including those costs related to MBE and WBE participation, for accounting purposes.

3. TIFC Staff will notify the Redeveloper of disallowed or questioned costs and the reason for the questioned costs included in the recommendation from Cost Certifier. In the event the Redeveloper is able to address the disallowed or questioned costs, TIFC Staff will assist in gathering any additional documentation to complete the report and work to assist the Redeveloper and Cost Certifier to answer the questions and complete the report.
4. The Cost Certifier will be requested to be present at the TIF Commission meeting to discuss any special issues related to the report and recommendation for certification. TIFC Staff will present any outstanding disallowed or questioned costs to the TIF Commission during the presentation.

Presentation to TIF Commission

1. Prior to each monthly TIF Commission meeting, TIFC Staff will notify each Redeveloper of the amount to be recommended for certification.
2. TIFC Staff will present to the TIF Commission the following: the total request for certification as presented by each Redeveloper; the total amount paid to MBE's and WBE's; the Cost Certifier reviewing the request; any disallowed or questioned costs related to the request; any outstanding issues needing to be addressed prior to TIF Commission approval and amount recommended for certification.
3. TIFC Staff shall present to the TIF Commission a separate certified cost overrun report, which shall reflect all Certified Redevelopment Costs requested for reimbursement that are attributed to a single line item within any Budget of any Plan that exceed the amount set forth in the Budget by less than 10%.

Following the TIF Commission Meeting

1. Following the TIF Commission's certification of Redevelopment Costs, TIFC Staff will notify the EDC's Accounting Department of the certified amount and the EDC's Accounting Department, to the extent there are sufficient funds within the designated Special Allocation, shall reimburse the Redeveloper for such certified amount within thirty (30) days after certification.
2. All originals and reports will be maintained in the EDC's central filing system.

The TIF Commission must approve in writing any exception to the Certification of Costs and Reimbursement Policy.

OFFICER'S CERTIFICATE

I, _____ [name] _____ [title]
of _____ [company] _____, a _____ corporation (the "Developer"),
in connection with the implementation of Projects _____ (the "Redevelopment Projects")
of the _____ Tax Increment Financing Plan (the "Plan") dated
_____, 200__ hereby certify that:

1. The Developer has received a copy and reviewed the terms of the Certification of Costs and Reimbursement Policy (the "Policy") of the Tax Increment Financing Commission of Kansas City, Missouri (the "Commission") and has had an opportunity to discuss and ask questions of the staff to the Commission with respect to the Policy.
2. All capitalized terms within this Certificate that are not defined shall have the meanings ascribed to them in the Policy.
3. The Developer acknowledges that the Policy, a copy of which is attached hereto as Exhibit A, is intended to outline the procedure and set forth all such requirements and obligations that redevelopers of Redevelopment Plans must observe and comply in order for redevelopers to be reimbursed for eligible Redevelopment Costs incurred in connection with the implementation of a Redevelopment Plan, Redevelopment Project or public improvement.
4. The Developer hereby certifies that, to its knowledge, except as set forth on Exhibit B, there exists no Hazardous Substances, at levels above applicable clean-up standards on any real property within the redevelopment area of the Redevelopment Projects.
5. The Developer hereby certifies that in the event Hazardous Substances exist, prior to the reimbursement of any eligible Redevelopment Costs, the Developer shall state, in writing, to the Commission what measures the Developer intends to undertake to clean-up such Hazardous Substances to standards consistent with federal, state and local laws.
6. The undersigned has delivered this Officer's Certificate to the Commission prior to the reimbursement of any eligible Redevelopment Costs. The undersigned acknowledges and agrees that this Certificate is being materially relied upon by the Commission and, to the extent any statement or representation made herein is not true and correct in all material respects, the Commission may withhold the reimbursement of any eligible Redevelopment Costs, with respect to the implementation of the Redevelopment Projects.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of _____, 200__.

DEVELOPER:

By: _____
Name: _____
Title: _____

RESOLUTION NO. 3-16-17

RESOLUTION TO ASSIST THE CITY OF KANSAS CITY, MISSOURI, IN THE ISSUANCE OF SPECIAL OBLIGATION BONDS, SERIES 2017A, RELATED TO THE LINWOOD SHOPPING CENTER TAX INCREMENT FINANCING PLAN

WHEREAS, the Tax Increment Financing Commission of Kansas City, Missouri (the "Commission"), was created pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865 RSMo, 1986, as amended (the "Act"), and by Ordinance No. 54556 of the City Council of Kansas City, Missouri, adopted on November 24, 1982; amended by Ordinance No. 911076 adopted on August 29, 1991; by Ordinance No. 100089, adopted on January 28, 2010; by Ordinance No. 130986, adopted on December 19, 2013; and by Committee Substitute for Ordinance 140823, adopted on June 13, 2015; and

WHEREAS, the City Council (the "City Council") by Ordinance Number 160448 on June 16, 2016, approved the Linwood Shopping Center Tax Increment Financing Plan (the "Plan"); and

WHEREAS, the Plan identifies Redevelopment Project Area 1, Redevelopment Project Area 2 and Redevelopment Project Area 3 (collectively, the "Redevelopment Project Areas"); and

WHEREAS, the Plan calls for construction of an approximately 38,000 square foot grocery store and approximately 26,000 square feet of retail space, together with surface parking and landscaping, as more particularly described in the Plan (the "Improvements"); and

WHEREAS, the Plan further provides for the financing of certain portions of the Improvements from Economic Activity Tax Revenues (as defined within the Act) generated within the Redevelopment Project Areas; and

WHEREAS, the City of Kansas City, Missouri (the "City") intends to issue Taxable Special Obligation Bonds, which shall be designated the Series 2017A Bonds (the "Series 2017A Bonds"), to provide funds, at least in part, to fund, among other things, (a) Redevelopment Project Costs identified by the Plan that relate to the Improvements, (b) capitalized interest related to the Improvements, and (c) costs of issuance related to the Improvements, pursuant to a Trust Indenture dated as of March 1, 2017, by and between the City and UMB Bank, N.A., as Trustee (the "Indenture"); and

WHEREAS, the City has requested that this Commission support and assist it in its issuance of Series 2017A Bonds by approving and entering into a Cooperative Agreement with the City, which provides, inter alia, for the Commission to transfer to the City (or the Trustee at the direction of the City Economic Activity Tax Revenues generated and collected from the Redevelopment Project Areas; and

WHEREAS, staff and legal counsel have met with representatives of the City and hereby recommend that the Commission (1) assist and support the City in its issuance of the Series 2017A Bonds so that a portion of the proceeds from the sale of such Bonds may be used to reimburse certified Redevelopment Project Costs that relate to the Improvements and (2) approve

the Cooperative Agreement and such other certificates and instruments approved by the Chair and legal counsel in connection with the City's issuance of the Series 2017A Bonds; and

WHEREAS, the Commission deems it to be in the public's best interest to assist the City in its issuance of the Series 2017A Bonds for the purposes stated in the foregoing recitals.

NOW, THEREFORE, BE IT RESOLVED BY THE TAX INCREMENT FINANCING COMMISSION OF KANSAS CITY, MISSOURI, AS FOLLOWS:

Section 1. Authorization and Approval of Cooperative Agreement. The Cooperative Agreement (the "Cooperative Agreement"), between the Commission and the City is hereby approved in substantially the form attached as **Exhibit A** to this Resolution (a copy of which shall be filed in the records of the Commission), and the Commission is hereby authorized to execute and deliver the Cooperative Agreement with such changes therein as shall be approved by legal counsel to the Commission and the officials of the Commission executing the Cooperative Agreement, such officials' signatures thereon being conclusive evidence of their approval and the Commission's approval thereof.

Section 2. Execution of Documents. The Chair, Vice Chair or Executive Director are hereby authorized and directed to execute and deliver the Cooperative Agreement and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution for and on behalf of and as the act and deed of the Commission. The Secretary or Assistant Secretary is hereby authorized and directed to attest to the Cooperative Agreement and to such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

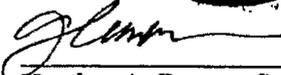
Section 3. Further Authority. The Commission shall, and the officers, agents and employees of the Commission are hereby authorized and directed to, take such further action, and execute such other documents, certificates and instruments, as may be necessary or desirable to carry out and comply with the intent of this Resolution.

Section 4. Effective Date. This Resolution shall take effect and be in full force immediately after its adoption by the Commission.

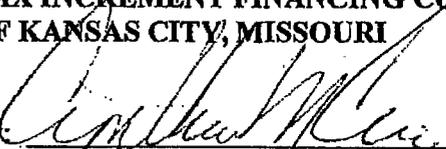
ADOPTED by the Tax Increment Financing Commission of Kansas City, Missouri this 8th day of March, 2017.



ATTEST:


Heather A. Brown, Secretary

TAX INCREMENT FINANCING COMMISSION
OF KANSAS CITY, MISSOURI

By: 
Cynthia M. Circo, Chair

COMMISSION'S CLOSING CERTIFICATE

Linwood Cooperative Agreement
Relating to
\$31,610,000
Taxable Special Obligation Bonds
(Kansas City, Missouri, Projects)
Series 2017A

Midtown Cooperative Agreement
Relating to
\$16,185,000
Special Obligation Refunding Bonds
(Midtown Redevelopment Project)
Series 2017D

We, the undersigned, hereby certify that we are the duly elected, qualified and acting Chair and Secretary, respectively, of the Tax Increment Financing Commission of Kansas City, Missouri (the "Commission"), and as such we are familiar with the books and records of the Commission and have all authority necessary to execute this Certificate on behalf of the Commission. Capitalized words and terms used in this Certificate, unless the context requires otherwise, shall have the same meanings as set forth in the respective Cooperative Agreements referenced in Section 2.1 below. The Linwood Cooperative Agreement referenced in Section 2.1 relates to the \$31,610,000 Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A (the "Series 2017A Bonds"), being issued by the City of Kansas City, Missouri (the "City") to provide funds to acquire, construct, reconstruct and/or improve certain projects within the City including the Linwood Project as described in the Linwood Shopping Center Tax Increment Financing Plan. The Midtown Cooperative Agreement referenced in Section 2.1 relates to \$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D being issued by the City to refund a portion of the currently Outstanding Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri - Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the "Series 2007A Bonds") of The Industrial Development Authority of the City of Kansas City, Missouri maturing on April 1 in the years 2018 through 2022 (the "Refunded Series 2007A Bonds"), that refunded bonds previously issued to finance and refinance improvements in the Midtown Tax Increment Financing Redevelopment Area.

ORGANIZATION AND AUTHORITY

1.1. Due Organization. The Commission is a real property tax increment financing commission duly organized and existing pursuant to Sections 99.800 to 99.865, RSMo, as amended, and Ordinance No. 54556 of the City passed on November 24, 1982, and thereafter amended in certain respects by Committee Substitute for Ordinance No. 911076, as amended, passed on August 29, 1991, by Ordinance No. 100089, passed on January 28, 2010, by Ordinance No. 130986 passed on December 19, 2013, and by Committee Substitute for Ordinance No. 140823, as amended on June 18, 2015.

1.2. Meetings. All meetings of the Commission relating to the authorization of the Cooperative Agreements were regular meetings. All such meetings were open to the public and a

quorum was present and acted throughout, and proper notice of all such meetings was given in the manner required by law, including Chapter 610 of the Revised Statutes of Missouri.

1.3. Incumbency of Officers. The persons named below were on the date or dates of the execution of the documents listed in Section 2.1 below, and are on this date, the duly appointed or elected, qualified and acting officers and commissioners of the Commission, holding the respective offices set opposite their names:

Cindy Circo	Chair
Jason Parson	Commissioner
Darren Hennen	Commissioner
Estella Morales	Commissioner
Troy Nash	Commissioner
Jeffrey Williams	Commissioner
Scott Jacoby	Commissioner
Calvin Williford	Commissioner
Debbie Siragusa	Commissioner
Shannon Jaax	Commissioner
Kevin Masters	Commissioner

2. LEGAL DOCUMENTS

2.1 Execution of Documents. The following documents have been executed and delivered in the name and on behalf of the Commission by its duly authorized officers, pursuant to and in full compliance with Resolutions adopted by the Commission at duly held meetings thereof. Copies of said documents provided to the City are true, complete and correct copies or counterparts of said documents as executed and delivered by the Commission and are in substantially the same form and text as the copies of such documents which were before the Commission and approved by said Resolutions; and said documents have not been amended, modified or rescinded and are in full force and effect as of the date hereof:

- (a) Linwood Cooperative Agreement dated as of March 1, 2017 (the “Linwood Cooperative Agreement”) between the Commission and the City; and
- (b) Midtown Cooperative Agreement dated as of March 1, 2017 (the “Midtown Cooperative Agreement”) between the Commission and the City; and
- (c) this Closing Certificate.

These documents are sometimes referred to herein as the “Commission Documents”.

2.2 Authorization of Documents. The Commission has duly authorized, by all necessary action, the execution, delivery and due performance of the Commission Documents and any and all such other agreements and documents as may be required to be executed, delivered and received by the Commission in order to carry out, give effect to and consummate the transactions contemplated by the Commission Documents. The Commission Documents, as executed and delivered, constitute legal, valid and binding obligations of the Commission in accordance with their respective terms (except insofar as the enforcement thereof may be limited by applicable

bankruptcy, insolvency, reorganization, moratorium or other similar laws or equitable principles of general application affecting the rights and remedies of creditors and secured parties).

2.3 Representations and Warranties in Commission Documents. Each of the representations and warranties of the Commission set forth in the Commission Documents are true and correct in all material respects as of the date hereof, as if made on the date hereof. All covenants and conditions to be complied with and obligations to be performed by the Commission under the Commission Documents have been complied with and performed, and the Commission is not aware of any reason why it would be unable to comply with any of such covenants, conditions or obligations contained in the Commission Documents. None of the Commission Documents have been amended from those forms provided to the City, and the Commission Documents are not contrary to existing law.

2.4 No Event of Default. At the date of this Certificate, no event of default under the Commission Documents has occurred and is continuing and, to the knowledge of the undersigned, no event has occurred and is continuing which with notice or lapse of time, or both, would constitute an event of default under the Commission Documents.

3 TAX INCREMENT FINANCING

3.1 Redevelopment Plan. The Linwood Shopping Center Tax Increment Financing Plan and the Midtown Redevelopment Plan referred to herein as the “TIF Plans” are in full force and effect.

3.2 Redevelopment Agreement. The Redevelopment Agreements (if any) between the Commission and the respective Redevelopers are in full force and effect and have not been further amended.

3.3 Redevelopment Project Areas. Tax increment financing has been properly adopted for the Redevelopment Project Areas as defined in the Midtown Cooperative Agreement.

4 LEGAL MATTERS

4.1 No Litigation. There is not pending, or to the knowledge of the undersigned threatened, any litigation or legal proceedings, or any basis therefor, material as to the Commission and to which the Commission is a party, or to which the property of the Commission is subject, which could: (a) adversely affect the transactions described in the Commission Documents, (b) adversely affect the execution, delivery, validity or enforceability of the Commission Documents, or (c) in any way contest the due organization, corporate existence or powers of the Commission.

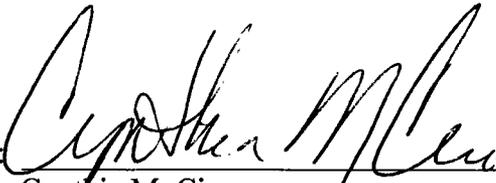
4.2 Compliance with Existing Covenants. The Commission is not in material default under nor violating any indenture, mortgage, lien, agreement, contract, deed, lease, financing agreement, note, order, judgment, decree or other instrument or restriction of any kind or character to which it is a party or by which it is bound, or to which it or any of its assets is subject, which could: (a) adversely affect the transactions described in the Commission Documents, (b) adversely affect the execution, delivery, validity or enforceability of the Commission Documents, or (c) in any way contest the due organization, corporate existence or powers of the Commission. Neither the execution and delivery of the Commission Documents nor compliance with the terms,

conditions and provisions thereof will conflict with or constitute a default under, any of the foregoing.

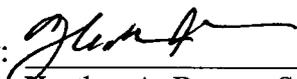
4.3 No Conflict of Interest. No member of the Commission or employee or consultant of the Commission who owns or controls an interest, direct or indirect, in the Redevelopment Areas has had any official involvement in regard to the Redevelopment Plan or the Redevelopment Areas.

IN WITNESS WHEREOF, we have hereunto set our hands and affixed the seal of the Tax Increment Financing Commission of Kansas City, Missouri, as of this 23rd day of March, 2017.



By: 
Cynthia M. Circo
Chairman of the Commission

ATTEST

By: 
Heather A. Brown, Secretary

TAX COMPLIANCE AGREEMENT

Dated as of March 1, 2017

Between

City of Kansas City, Missouri

and

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

**\$19,185,000
Special Obligation Bonds
(Kansas City, Missouri Projects)
Series 2017B
of the
City of Kansas City, Missouri**

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TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (the “Tax Agreement”) is entered into as of March 1, 2017 between the CITY OF KANSAS CITY, MISSOURI, a constitutional charter city and political subdivision of the State of Missouri (the “Issuer”), and UMB BANK, N.A., a national banking association 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 Issuer of its \$19,185,000 Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B (the “Series 2017B Bonds” or the “Bonds”) under the Trust Indenture dated as of March 1, 2017 (the “Indenture”) between the Issuer and the Trustee. The Issuer is also issuing its \$31,610,000 Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A (the “Series 2017A Taxable Bonds”) under the Indenture.

2. The Series 2017B Bonds are being issued for the purpose of providing funds (a) to acquire, construct, reconstruct and/or improve certain projects within the City (the “Series 2017B Projects” or the “Tax-Exempt City Projects”), as more fully described on **Exhibit D** attached hereto, (b) to refinance the herein-defined Crisis Center Project through the refunding of the herein-defined Refunded Series 2014D Bonds and (c) to pay certain costs related to the issuance of the Series 2017B Bonds, as described in this Tax Agreement and in the Indenture.

3. The Issuer previously issued its Special Obligation Bond Anticipation Bonds (Streetcar System Expansion Project) Series 2014D, a portion of the proceeds of which were applied to finance certain capital costs associated with the creation by the City in conjunction with the State of Missouri (the “State”), of an Assessment Triage Center to serve people with a mental illness or substance use disorder, located in a building leased to the City by the State (the “Crisis Center Project”), as more fully described on **Exhibit D**, which portion in the principal amount of \$1,504,000 will be current refunded with proceeds of the Series 2017B Bonds (the “Refunded Series 2014D Bonds”) to refinance the Crisis Center Project.

4. Simultaneously with the issuance of the Series 2017B Bonds, the Issuer is issuing its \$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), Series 2017C (the “Series 2017C Bonds”), and \$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D (the “Series 2017D Bonds”). The Series 2017B Bonds, the Series 2017C Bonds and the Series 2017D Bonds are referred to collectively herein as the “Tax-Exempt Series 2017 Bonds.”

5. As indicated in **Section 2.1(p)**, at such future time if any that the Issuer wishes to pursue an advance refunding of all or any portion of the Series 2017B Bonds, the Issuer should consult tax counsel as to the deemed allocation of Series 2017B Bonds and Series 2017C Bonds and proceeds thereof between new money/current refunding purposes and advance refunding purposes under the then-current Code and Regulations to determine eligibility for such advance refunding.

6. 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.

7. The Issuer 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 Section 148(f).

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Agreement, the Issuer 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 the Indenture, and certain other words and phrases have the meanings assigned in Section 148 of the Code 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 Series 2017B Bonds reduced by amounts (a) in a bona fide debt service fund or a reasonably required reserve or replacement fund, (b) 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 (c) representing grant repayments or sale or investment proceeds of any purpose investment.

“Available Construction Proceeds” means the sale proceeds of any construction portion of the Series 2017B Bonds, increased by (i) Investment earnings on the sale proceeds, (ii) earnings on amounts in a reasonably required reserve or replacement fund allocable to the Series 2017B Bonds but not funded from the Series 2017B Bonds, and (iii) earnings on such earnings, reduced by sale proceeds (A) in any reasonably required reserve fund or (B) used to pay issuance costs of the Series 2017B Bonds. But Available Construction Proceeds do not include Investment earnings on amounts in a reasonably required reserve or replacement fund after the earlier of (a) the second anniversary of the Issue Date or (b) the date the Financed Facilities are substantially completed.

“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 on the Bonds 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 (a) the earnings on the fund for the immediately preceding Bond Year, or (b) one-twelfth of the principal and interest payments on the Bonds for the immediately preceding Bond Year.

“Bond” or “Bonds” means the Series 2017B Bonds.

“Bond Compliance Officer” means the Director of Finance of the Issuer or the person to whom he or she delegates this responsibility in writing.

“Bond Counsel” means either Co-Bond Counsel firm or other nationally recognized firm of bond counsel acceptable to the Issuer.

“Bond Fund” means the Series 2017B Debt Service Fund established under the Indenture.

“Bond Year” means each one-year period (or shorter period for the first Bond Year) ending October 1, or another 1-year period selected by the Issuer.

“Capital Expenditures” means costs of a type that are properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles, including capitalized interest computed taking into account the placed in service date.

“Co-Bond Counsel” means Kutak Rock LLP and the Hardwick Law Firm LLC or other firm or firms of nationally recognized bond counsel acceptable to the Issuer.

“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 Issuer may treat any date as a Computation Date, subject to the following limits: (a) the first Computation Date cannot be later than five years after the Issue Date, (b) each subsequent rebate installment payment must be made for a Computation Date not later than five 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 Issuer selects October 1, 2021 as the first Computation Date but reserves the right to select a different date consistent with the Regulations.

“Construction Expenditures” means Capital Expenditures allocable to the cost of real property (including the construction or making of improvements to real property, but excluding acquisitions of interests in land or other existing real property) or constructed personal property within the meaning of Regulations § 1.148-7(g). **Exhibit D** hereto sets forth the expected Series 2017B Projects for which Construction Expenditures will be made.

“Construction Issue” means an issue at least 75% of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property that is, or upon completion will be, owned by a Governmental Person or a 501(c)(3) Organization. If an issue is a Multipurpose Issue that includes a New Money Portion, this definition shall be applied by substituting “New Money Portion” for “Construction Issue” each place the latter term appears. If an election under Section 148(f)(4)(C)(v) and Regulations § 1.148-7(j) is made to bifurcate an issue or the New Money Portion of a Multipurpose Issue, this definition shall be applied by substituting “Construction Portion” for “Construction Issue” each place the latter term appears.

“Construction Portion” means that portion of an issue or the New Money Portion of a Multipurpose Issue at least 75% of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property that is, or upon completion will be, owned by a Governmental Person or a 501(c)(3) Organization and that finances 100% of the Construction Expenditures.

“Costs of Issuance Fund” means the Series 2017B Costs of Issuance Account of the Costs of Issuance Fund established under the Indenture.

“Financed Facilities” means the respective facilities financed and refinanced with the proceeds of the Series 2017B Bonds, all as described on **Exhibit D**.

“501(c)(3) Organization” means an organization described in Section 501(c)(3) and exempt from tax under Section 501(a).

“Governmental Person” means a state, a territory, a possession of the United States, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States or any agency or instrumentality of the United States.

“Gross Proceeds” means (a) sale proceeds (any amounts actually or constructively received by the Issuer from the sale of the Bonds, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest), (b) investment proceeds (any amounts received from investing sale proceeds, other investment proceeds or transferred proceeds), (c) any amounts held in a sinking fund for the Bonds, (d) any amounts held in a pledged fund or reserve fund for the Bonds, (e) any other replacement proceeds and (f) any transferred proceeds. Specifically, Gross Proceeds as to the Bonds include all amounts held in the following funds and accounts:

- (1) Series 2017B Debt Service Fund (the “Bond Fund”);
- (2) Series 2017B Costs of Issuance Account (the “Costs of Issuance Fund”);
- (3) Refunding Fund;
- (4) Series 2017B Projects Account of the Project Fund (the “Project Fund”); and
- (5) Rebate Fund.

“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 Trust Indenture dated as of March 1, 2017, as originally executed by the Issuer and the Trustee, as amended and supplemented from time to time in accordance with the provisions of the Indenture.

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

“IRS” means the United States Internal Revenue Service.

“Issue Date” means March 23, 2017.

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

“Management Agreement” means a legal agreement defined in Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of a Financed Facility, such as a contract to manage the entire Financed Facility or a portion of the Financed Facility. Contracts for services that are solely incidental to the primary governmental function of the Financed Facility (for example, contracts for janitorial, office equipment repair, billing or similar services), however, are not treated as Management Agreements.

“Measurement Period” means the period beginning on the later of (i) the Issue Date or (ii) the date the property is placed in service and ending on the earlier of (A) the final maturity date of the Bonds or (B) the expected economic useful life of the property.

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

“Multipurpose Issue” means an issue the bonds of which are allocable to two or more separate governmental purposes within the meaning of Regulations § 1.148-9(h).

“Net Proceeds” means, when used in reference to the Bonds or any series of 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.

“New Money Portion” means that portion of a Multipurpose Issue other than the Refunding Portion.

“Non-Qualified Use” means use of Bond proceeds or a Financed Facility in a trade or business carried on by any Non-Qualified User. The rules set out in Regulations § 1.141-3 determine whether Bond proceeds or the Financed Facility are “used” in a trade or business. Generally, ownership, a lease, or any other use that grants a Non-Qualified User a special legal right or entitlement with respect to the Financed Facility will constitute use under Regulations § 1.141-3.

“Non-Qualified User” means any person or entity other than a Qualified User.

“Opinion of Bond Counsel” means the written opinion of Co-Bond Counsel, of either Co-Bond Counsel firm or of other nationally recognized firm of bond counsel. Unless otherwise specifically noted herein an Opinion of Bond Counsel must conclude that the action or proposed action or the failure to act or proposed failure to act for which the opinion is required will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

“Ordinance” means Ordinance No. 170132, passed by the City on February 23, 2017.

“Post Issuance Policy and Procedure” means the Issuer’s Manual of Instructions providing policy and procedures relating to Municipal Bonds and Master Lease Purchase Agreements.

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

“Project Fund” means the Series 2017B Projects Account of the Project Fund established under the Indenture.

“Qualified Use Agreement” means any of the following:

(1) A lease or other short-term use by members of the general public who occupy a Financed Facility on a short-term basis in the ordinary course of the Issuer’s governmental purposes.

(2) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of a Financed Facility for a period up to 200 days in length pursuant to an arrangement whereby

(a) the use of the Financed Facility under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business and (b) the compensation for the use is determined based on generally applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(3) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of a Financed Facility for a period up to 100 days in length pursuant to arrangements whereby (a) the use of the property by the person would be general public use but for the fact that generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business, (b) the compensation for the use under the arrangement is determined based on applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed, and (c) the Financed Facility was not constructed for a principal purpose of providing the property for use by that Qualified User or Non-Qualified User. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(4) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of a Financed Facility for a period up to 50 days in length pursuant to a negotiated arm's-length arrangement at fair market value so long as the Financed Facility was not constructed for a principal purpose of providing the property for use by that person.

“Qualified User” means a State, territory, possession of the United States, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States or any agency or instrumentality of the United States.

“Reasonable Retainage” means Gross Proceeds retained by the Issuer for reasonable business purposes, such as to ensure or promote compliance with a construction contract; provided that such amount may not exceed (a) for purposes of the 18-month spending test, 5% of net sale proceeds of the Bonds on the date 18 months after the Issue Date, or (b) for purposes of the 2-year spending test, 5% of the Available Construction Proceeds as of the end of the 2-year spending period.

“Rebate Fund” means the Rebate Fund established under the Indenture.

“Rebate Analyst” means any Rebate Analyst appointed by the Issuer.

“Refunded Bonds” or “Refunded Series 2014D Bonds” means a portion of the Series 2014D Bonds in the principal amount of \$1,504,000, as set out on **Exhibit F** attached hereto.

“Refunding Portion” means that portion of a Multipurpose Issue the proceeds of which are, or are to be, used to pay debt service on refunded bonds and includes issuance costs, pre-issuance accrued interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs properly allocable to the Refunding Portion.

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

“Series 2017B Bonds” means any bond or bonds of the series of Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B, aggregating the principal amount of \$19,185,000, authenticated and delivered under the Indenture.

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

“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 that at any time may be substituted in its place at the time serving as trustee under the Indenture.

“Underwriters” means J.P. Morgan Securities LLC, as representative of the underwriters of the Bonds, including George K. Baum and Company, Fifth Third Securities Inc., Valdés & Moreno, Inc. and Loop Capital Markets.

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

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS

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

(a) Organization and Authority. The Issuer (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 issue the Bonds for the purposes set forth in the Indenture, to enter into, execute and deliver the Indenture, 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 action has been duly authorized to execute and deliver the Indenture, the Bonds and this Tax Agreement, acting by and through its duly authorized officials.

(b) Tax-Exempt Status of Bonds – General Covenant. The Issuer (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 Section 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 Issuer, 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) Limit on Private Business Use.

(1) Not more than 10% of the proceeds of the Series 2017B Bonds will be used for any private business use. The Issuer understands that the use of the Series 2017B Financed Facilities is treated as use of such proceeds, and use as a member of the

general public (“general public use”) is not private business use. The Series 2017B Financed Facilities are intended to be available, and will be reasonably available, for use on the same basis by natural persons not engaged in a trade or business.

(2) The Issuer understands further that, under the Code and the Regulations:

(A) In general, use under an arrangement that conveys priority rights or other preferential benefits is not general public use.

(B) Arrangements providing for use that is available to the general public at no charge or on the basis of rates that are generally applicable and uniformly applied do not convey priority rights or other preferential benefits. For this purpose, rates may be treated as generally applicable and uniformly applied even if different rates apply to different classes of users, such as volume purchasers, if the differences in rates are customary and reasonable.

(d) Governmental Obligations–Use of Proceeds. Throughout the Measurement Period, all of each Financed Facility is expected to be owned by the Issuer or another Qualified User. Throughout the Measurement Period, no portion of the Financed Facilities is expected to be used in a Non-Qualified Use. Throughout the Measurement Period, the Issuer will not permit any other Non-Qualified Use of the Financed Facilities without first obtaining an Opinion of Bond Counsel.

(e) Governmental Bonds -- Private Security or Payment.

(1) As of the Issue Date, the Issuer expects that the payment of principal and interest on not more than 10% of the proceeds of the Series 2017B Bonds will 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 Issuer) in respect of property, or borrowed money, used or to be used for a private business use.

(2) For purposes of the foregoing, taxes of general application are not treated as private payments or as private security.

(3) The Issuer will not permit any private security or payment with respect to the Bonds other than as described herein without first obtaining an Opinion of Bond Counsel.

(4) Contemporaneously with the issuance of the Series 2017B Bonds, the Issuer is issuing the Series 2017A Taxable Bonds. The Issuer will issue the Series 2017A Taxable Bonds for the purpose of providing funds (a) to acquire, construct, reconstruct and/or improve certain projects within the City (the “Taxable City Projects”), (b) to pay capitalized interest on a portion of the Series 2017A Taxable Bonds, (c) to fund a debt service reserve fund for the Kansas City Municipal Assistance Corporation Tax-Exempt leasehold Improvement Revenue Bonds (H. Roe Bartle Convention Center and Infrastructure Project) Series 2004B-1 and (d) to pay certain costs related to the issuance

of the Series 2017A Taxable Bonds. The Issuer hereby represents that it hereby intends by and in this Tax Agreement and the Tax Compliance Agreements applicable to the other series of the Tax-Exempt Series 2017 Bonds to allocate any private payments or security for the use of any projects financed or refinanced by the Tax-Exempt Series 2017 Bonds or the Taxable City Projects first to debt service on the Series 2017A Taxable Bonds; then to operating and maintenance expenses for the Taxable City Projects; then (with an Opinion of Bond Counsel as required by paragraph (3) above) to operating and maintenance expenses for the projects financed or refinanced by the Tax-Exempt Series 2017 Bonds; and then to the operating and maintenance expenses or equity for any other City project, all before undertaking to allocate any such private payments or security to the Tax-Exempt Series 2017 Bonds (including the Series 2017B Bonds) pursuant to this paragraph.

(f) No Private Loan. Not more than the lesser of 5% of the net proceeds of the Bonds or \$5,000,000 will be loaned directly or indirectly to any person or entity that is not a Governmental Person. Not more than the lesser of 5% of the net proceeds of the Refunded Bonds or \$5,000,000 were loaned directly or indirectly to any person or entity that is not a Governmental Person.

(g) Management Contracts. As of the Issue Date, the Issuer has no Management Agreements with Non-Qualified Users for the management of the Financed Facilities, other than as follows with respect to the Crisis Center, which is located in a building owned by the State and leased by the State to the Issuer pursuant to a Lease Agreement with a final renewal term ending June 30, 2035: The Issuer has a Property Management Agreement with Homker of Missouri, Inc. (“Homker”) for the management of the Crisis Center, which agreement expires, unless renewed by the Issuer, on September 30, 2017. This agreement does not provide Homker with any share of the net revenues from the Crisis Center. The Issuer has a contract with ReDiscover for the operation of the Crisis Center services, which agreement expires, unless renewed by the Issuer, on April 30, 2017. This agreement does not provide ReDiscover with any share of the net revenues from the Crisis Center. The Issuer shall modify the terms of the agreement or shall enter into a new agreement which complies with the Code, the applicable Regulations, Revenue Procedure 97-13, Revenue Procedure 2001-39, IRS Notice 2014-67 and Revenue Procedure 2017-13 and any subsequent IRS ruling, procedure or regulations on or before this date if the Issuer intends to continue to operate the Crisis Center through a management contract after such date.

During the Measurement Period, the Issuer will not enter into or renew any other Management Agreement with any Non-Qualified User without first obtaining an Opinion of Bond Counsel.

(h) Leases. As of the Issue Date, the Issuer has not entered into any leases of any portion of the Financed Facilities with Non-Qualified Users. During the Measurement Period, the Issuer will not enter into or renew any other lease or similar agreement or arrangement other than a Qualified Use Agreement, other than as described herein, without first obtaining an Opinion of Bond Counsel.

(i) Limit on Maturity of Bonds. A list of the assets included in the Financed Facilities financed and refinanced with proceeds of the Bonds is attached to this Tax Agreement as **Exhibit D**. The weighted average maturity of the Series 2017B Bonds, as computed by the Financial Advisor on the Certificate of Financial Advisor attached hereto as **Exhibit C**, is 6.4626 years. 120% of the “average reasonably expected economic life” of the Financed Facilities

financed and refinanced with proceeds of the Series 2017B Bonds is 28.99 years, as set out on **Exhibit D**. The Issuer will not make, or permit to be made, any changes in the Financed Facilities or the use of the Bond proceeds which will cause the average Bond maturity of any series of Bonds to exceed 120% of the average, reasonably expected economic life of the Financed Facilities financed or refinanced with proceeds of such series of Bonds.

(j) Expenditure of Bond Proceeds.

(1) Reimbursement of Expenditures; Official Intent. The governing body of the Issuer passed several ordinances which included provisions declaring the intent of the Issuer to finance the applicable Series 2017B Projects with tax-exempt bonds and to reimburse the Issuer for expenditures made for such Series 2017B Projects prior to the issuance of those bonds. **Exhibit B** to this Tax Agreement sets forth the ordinance number and date of passage of the Series 2017B Projects listed on **Exhibit D** attached hereto, and copies of such ordinances are attached to this Tax Agreement as a part of **Exhibit B**. No portion of the Net Proceeds of the Bonds will be used to reimburse an expenditure paid by the Issuer with respect to any Series 2017B Project prior to the date the applicable ordinance was passed. The Issuer will evidence each allocation of the proceeds of the Bonds to an expenditure in writing. No reimbursement allocation will be made for an expenditure made more than three years before the date of the reimbursement allocation. In addition no reimbursement allocation will be made as to a Financed Facility more than 18 months following the later of (1) the date of the expenditure or (2) the date the Financed Facility was placed in service. The Issuer will not apply any of the proceeds of the Series 2017B Bonds to reimburse itself for expenditures made prior to the issuance of the Bonds; see **Exhibit B** attached hereto.

(2) Final Allocation of New Money Bond Proceeds to Expenditures. The Issuer understands that, under Regulations § 1.148-6(d), the Issuer is required to account for the allocation of Bond proceeds to Project expenditures (including expenditures made before and after the Issue Date of the Bonds) within 18 months after the later of (A) the date the expenditure is made, or (B) the date the applicable Financed Facility is placed in service, and in any event not later than the date that is 60 days after the fifth anniversary of the Issue Date or the date the Bonds are retired, if earlier (a “Final Allocation”). The Issuer will maintain accurate records of all expenditures made for each Financed Facility financed with proceeds of the Series 2017B Bonds, including the amount, the date paid, a description of the purpose, and the source of funds (whether Bond proceeds or other money) initially allocated to each Project expenditure. Not later than the time limit set forth above, the Issuer will prepare a Final Allocation, showing the allocation of Bond proceeds and other money to all Project costs and identifying the Financed Facility, and will maintain the Final Allocation in its books and records in accordance with **Section 4.2**. The Issuer reserves the right to make modifications to the expected allocation of Bond proceeds and other money for purposes of compliance with the limitations on Non-Qualified Use following completion of the Financed Facilities in accordance with, and within the time limits prescribed in, the Regulations. In the absence of such subsequent allocation, the Bond proceeds will be deemed allocated as shown on **Exhibit D**.

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

(l) Bonds Not Federally Guaranteed. The Issuer 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 Section 149(b).

(m) IRS Form 8038-G. Bond Counsel will prepare (1) a Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) for the Series 2017B Bonds and Series 2017C Bonds, which are treated as a single issue for federal tax purposes as described in **Section 2.1(p)** and (2) a separate Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) for the Series 2017D Bonds. Both information returns will be based on the representations and covenants of the Issuer contained in this Tax Agreement and the Tax Compliance Agreements relating to the other Tax-Exempt Series 2017 Bonds or otherwise provided by the Issuer. Bond Counsel will sign the return as a paid preparer following completion and will then deliver copies to the Issuer for execution and for the Issuer's records. The Issuer agrees to timely execute and return to Bond Counsel the execution copy of Form 8038-G for the Series 2017B Bonds and Series 2017C Bonds for filing with the IRS. A copy of the "as-filed" copy of the Form 8038-G for the Series 2017B Bonds and Series 2017C Bonds along with proof of filing will be included as **Exhibit A**.

(n) Bonds Not Hedge Bonds.

(1) At least 85% of the net sale proceeds (the sale proceeds less any sale proceeds invested in a reserve fund) of the Series 2017B Bonds deposited into the Project Fund will be used to carry out the governmental purpose of the Bonds within three years after the Issue Date, and not more than 50% of the proceeds of the Bonds will be invested in Investments having a substantially guaranteed Yield for four years or more.

(2) At least 85% of the net sale proceeds (the sale proceeds less any sale proceeds invested in a reserve fund) of the Refunded Bonds were expected at the time of initial issuance to be used to carry out the governmental purpose of such series of bonds within three years of the original issue date of such series of bonds, and not more than 50% of the proceeds of each such series of bonds were invested in Investments having a substantially guaranteed Yield for four years or more.

(3) Based upon the representations set forth in paragraphs (n)(1)-(2) above and operation of Section 149(g)(3)(C) of the Code, the Issuer concludes that the Bonds are not "hedge bonds" within the meaning of Section 149(g) of the Code.

(o) Compliance with Future Tax Requirements. The Issuer understands that the Code and the Regulations may impose new or different restrictions and requirements on the Issuer in the future. The Issuer will comply with such future restrictions that are necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

(p) Single Issue; No Other Issues. Other than the Series 2017A Taxable Bonds, the Series 2017C Bonds and the Series 2017D Bonds, no other debt obligations of the Issuer (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). The Series 2017B Bonds and Series 2017C Bonds constitute a single "issue" under Regulations § 1.150-1(c) because the Series 2017B Bonds and Series 2017C Bonds are expected to be paid from substantially the same source of funds. The Series 2017D Bonds are expected to be paid from a different source of funds (tax increment financing revenues) and therefore constitute a separate "issue" under Regulations § 1.150-1(c). Because the Series 2017B Bonds, the proceeds of which are being used for new money and current refunding purposes, and the Series 2017C Bonds, the proceeds of which are being used for advance refunding purposes, are treated as a single issue for federal tax purposes, and because the weighted average maturity of the Series

2017C Bonds is greater than the weighted average maturity of the Series 2005A Bonds being refunded by the Series 2017C Bonds (as shown on the Certificate of Financial Advisor and schedules thereto attached to the Tax Compliance Agreement for the 2017C Bonds as **Exhibit B**), at such future time if any that the Issuer wishes to pursue an advance refunding of all or any portion of the Series 2017B Bonds, the Issuer should consult tax counsel as to the deemed allocation of Series 2017B Bonds and Series 2017C Bonds and proceeds thereof between new money/current refunding purposes and advance refunding purposes under the then-current Code and Regulations to determine eligibility for such advance refunding.

(q) Interest Rate Swap. As of the Issue Date, the Issuer 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. The Issuer will not enter into any such arrangement in the future without obtaining an Opinion of Bond Counsel.

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

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

Section 2.2. Representations and Covenants of the Trustee. The Trustee represents and covenants to the Issuer 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 Issuer, 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 Section 148, and (b) compliance with arbitrage rebate requirements of Code Section 148(f). The Issuer will pay all costs and expenses incurred in connection with supplying the foregoing information.

Section 2.3. Survival of Representations and Covenants. All representations, covenants and certifications of the Issuer and the Trustee contained in this Tax Agreement or in any certificate or other instrument delivered by the Issuer 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 **Article X** of the Indenture or any other provision of the Indenture, until three years following the final maturity date and payment of all Bonds Outstanding as provided in **Section 4.2(b)**.

ARTICLE III

ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.1. General. The purpose of this Article is to certify, under Regulations Section 1.148-2(b), the Issuer's expectations as to the sources, uses, and investment of Bond proceeds and other money, in order to support the Issuer's conclusion that the Bonds are not arbitrage bonds. The person executing this Tax Agreement on behalf of the Issuer is an officer of the Issuer 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 Issuer's understanding of the documents and certificates that comprise the Transcript, including (a) the Indenture, (b) this Tax Agreement, (c) covenants, representations, and certifications of the Issuer contained in this Tax Agreement and in the closing certificate of the Issuer, (d) representations, warranties and certifications contained in the certificate of the managing underwriter and representative of the Underwriters, (e) representations, warranties and certifications of the Trustee contained in the Trustee's Closing Certificate, and (f) representations, warranties and certifications contained in the certificate of the Financial Advisor, attached hereto as **Exhibit C**. To the Issuer's knowledge, the facts and estimates set forth in this Tax Agreement are accurate, and the expectations of the Issuer set forth in this Tax Agreement are reasonable. The Issuer 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 Issuer is issuing the Bonds simultaneously with the execution of this Tax Agreement, under the laws of the State of Missouri, Ordinance No. 170132 (the "Ordinance") passed by the governing body of the Issuer and the Indenture. The Series 2017B Bonds are being issued for the purpose of providing funds (a) to finance the Series 2017B Projects, (b) refinance the Crisis Center Project through the refunding of the Refunded Series 2014D Bonds and (c) to pay certain costs related to the issuance of the Series 2017B Bonds.

Section 3.4. Funds and Accounts. The following funds and accounts relating to the Series 2017B Bonds have been established in the custody of the Trustee under the Indenture:

- (a) Project Fund, with a Series 2017B Project Account therein (the "Project Fund");
- (b) Refunding Fund (the "Refunding Fund");
- (c) Costs of Issuance Fund, with a Series 2017B Costs of Issuance Account therein;
- (d) Series 2017B Debt Service Fund (the "Bond Fund"); and
- (e) Rebate Fund (the "Rebate Fund").

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

(a) Amount of Series 2017B Bond Proceeds. The total proceeds to be received by the Issuer from the sale of the Series 2017B Bonds will be as follows:

Principal Amount	\$19,185,000.00
Original Issue Premium	1,395,426.30
Less Original Issue Discount	(53,148.00)
Underwriters' Discount	<u>(61,088.08)</u>
Total Net Proceeds	<u>\$20,466,190.22</u>

(b) Use of Series 2017B Bond Proceeds. The Series 2017B Bond net proceeds are expected to be allocated to expenditures as follows:

(1) The sum of \$18,801,937.00 of the proceeds of the Series 2017B Bonds shall be deposited into the Series 2017B Project Fund to be applied to the costs of the Series 2017B Projects.

(2) The sum of \$144,550.39 shall be deposited in the Series 2017B Account of the Costs of Issuance Fund.

(3) The sum of \$1,509,702.83 shall be deposited in the Refunding Fund to be applied to the redemption of the Refunded Series 2014D Bonds on March 24, 2017.

(4) The sum of \$10,000.00 shall be deposited in the Rebate Fund.

Section 3.6. Multipurpose Issue. Pursuant to Regulations § 1.148-9(h), the Issuer is applying the arbitrage rules to separate financing purposes of the Bonds.

(a) Under Regulations § 1.148-9(h), the Series 2017B Bonds will be treated as two separate issues for separate purposes of applying certain of the arbitrage restrictions under Section 148 of the Code: (i) a New Money Portion relating to the Series 2017B Projects financed with proceeds of the Series 2017B Bonds and (ii) a Current Refunding Portion relating to the refunding of the Refunded Series 2014D Bonds. The sale proceeds of the Bonds allocable to the New Money Portion (\$19,001,547.71) and the Current Refunding Portion (\$1,525,730.59), are set forth on **Exhibit C** attached hereto.

(b) For purposes of Regulations §1.148-9(h), all refunding allocations have been made using the debt service savings test. See **Exhibit C** hereto.

Section 3.7. Current Refunding. A portion of the proceeds of the Series 2017A Bonds will be used to pay principal and interest on the Refunded Series 2014D Bonds on March 24, 2017. Proceeds of the Refunded Series 2014D Bonds were applied to finance the cost of the Crisis Center Project described in **Recital 3** hereof. The Refunded Series 2014D Bonds are callable at any time. The purpose of the refunding is (i) to provide long-term financing of a project financed on a short-term basis with bond anticipation bonds, and (ii) to provide an orderly plan of financing for the Issuer.

The remaining “average reasonably expected economic life” of the Crisis Center Project is 14.70 years. The weighted average maturity of the Current Refunding Portion (1.573 years) will not exceed 120% of the “average reasonably expected economic life” of the Crisis Center Project. In addition, the final renewal term of the lease from the State to the Issuer of the building in which the Crisis Center is located ends in 2035, and exceeds the “average reasonably expected economic life” of the Crisis Center Project.

Section 3.8. Project Completion. The Issuer has incurred, or will incur within six months after the Issue Date, a substantial binding obligation to a third party to spend at least 5% of the net sale

proceeds of the New Money Portion of the Bonds on the Financed Facilities financed therewith. The completion of such Financed Facilities and the allocation of the net sale proceeds of the New Money Portion of the Bonds to expenditures will proceed with due diligence. As indicated on the respective Certificates of the respective Managers attached hereto as **Exhibit E**, completion of all of the Series 2017B Projects identified on **Exhibit D** is expected to occur by March of 2020. As indicated on the applicable Certificate of the applicable Manager, completion of the Peoplesoft Upgrade Project identified thereon is expected to occur by December of 2017, completion of the Energov Permitting System Project identified thereon is expected to occur by December of 2017, completion of the Museum Project identified thereon is expected to occur by March of 2020, completion of the Parks Department Connectivity and Camera Updates Project identified thereon is expected to occur by April of 2019, and completion of the Fuel Stations Project identified thereon is expected to occur by March of 2020. At least 85% of the net sale proceeds of the Series 2017B Bonds will be allocated to expenditures on the Series 2017B Projects within three years after the Issue Date.

Section 3.9. No Over-Issuance. The sale proceeds of the Bonds do not exceed the cost of the governmental purpose of the Bonds as described above.

Section 3.10. Sinking Funds. The Issuer is required under the Indenture to make periodic payments to the Trustee in amounts sufficient to pay the principal of and interest on the Bonds. The Trustee will deposit such payments into the Bond Fund. Except for the Bond Fund, the Issuer has not 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 Bond Fund is used primarily to achieve a proper matching of revenues with principal and interest payments on the Bonds within the Bond Year, and the Issuer expects that the Bond Fund will qualify as a Bona Fide Debt Service Fund.

Section 3.11. Reserve, Replacement and Pledged Funds.

(a) Reserve Fund. A Reserve Fund has not been established for the Series 2017B Bonds from proceeds of the Series 2017B Bonds.

(b) No Other Replacement Funds. There are no transferred proceeds of the Refunded Series 2014D Bonds. None of the Bond proceeds will be used as a substitute for other funds that were intended or earmarked to pay Project costs will be used to acquire higher yielding investments. Except for the Bond 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 the Issuer encounters financial difficulty.

Section 3.12. Purpose Investment Yield. The proceeds of the Bonds will not be used to purchase an Investment for the purpose of carrying out the governmental purpose of the financing.

Section 3.13. Offering Prices and Yield on Bonds.

(a) Offering Prices. In the Underwriters' Receipt for Bonds and Closing Certificate, the Underwriter has certified that (1) all of the Bonds have been the subject of an initial offering to the public at prices no higher than those shown on the cover page of the Official Statement, plus accrued interest (the "Offering Prices") and (2) as of the date of the Official Statement, the Underwriters reasonably expected that at least 10% of the Bonds of each maturity will be sold to the public at initial offering prices no higher than said Offering Prices. The Issuer is not aware of any facts or circumstances that would cause it to question the accuracy of the representations made by the Underwriters, as set forth in the Underwriters' Receipt for Bonds and Closing Certificate. As noted in **Section 2.1(p)**, the Series 2017B Bonds and Series 2017C Bonds are

treated as a single issue for federal tax purposes. The aggregate initial offering price of the Series 2017B Bonds and Series 2017C Bonds is \$121,177,536.35, which includes a net original issue premium of \$12,582,536.35.

(b) Bond Yield. Based on the Offering Prices of the Series 2017B Bonds and Series 2017C Bonds described in **Section 3.14(a)**, the Yield on the Series 2017B Bonds and Series 2017C Bonds is 3.1835%, as computed by the Financial Advisor, and certified to in **Exhibit C** attached hereto. As used in this Tax Agreement, the term “Yield” refers to the discount rate which, when used in computing the present worth of all payments of principal and interest to be paid on an obligation, produces an amount equal to the issue price. The calculations of Yield have been made on the basis of semiannual compounding using a 360 day year and upon the assumption that payments are made on the last day of each semiannual interest payment period. For purposes of calculating the Yield on the Series 2017B Bonds and Series 2017C Bonds, the Series 2017B Bonds and Series 2017C Bonds sold at substantial premiums have been treated as redeemed on the earliest optional redemption date resulting in the lowest Yield on the Series 2017B Bonds and Series 2017C Bonds. The Issuer has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Series 2017B Bonds and Series 2017C 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 (a) enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and (b) 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 Issuer, 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 Issuer 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 Section 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 IV** is to set forth the policies and procedures governing compliance with the federal income tax requirements for the Bonds that apply after the Bonds are issued. The Issuer recognizes that interest on the Bonds will remain excludable from gross income only if the Post-Issuance Tax Requirements are followed after the Issue Date. The Issuer further acknowledges that written evidence substantiating compliance with the 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) Written Policies and Procedures of the Issuer. The Issuer has approved its Post Issuance Policy and Procedure. The Post Issuance Policy and Procedure serves as the Issuer's written policies and procedures related to the Post-Issuance Tax Requirements and other matters applicable to all tax-exempt obligations issued by the Issuer. The Issuer intends for this Tax Agreement to supplement the Issuer's Post Issuance Policy and Procedure for the Bonds. In the event of a conflict between the Issuer's Post Issuance Policy and Procedure and this Tax Agreement, the Issuer intends for the provisions of this Tax Agreement to supersede any conflicting provision of the Issuer's Post Issuance Policy and Procedure with regard to the Bonds.

(c) Issuer Responsible for Post-Issuance Tax Requirements. The Issuer acknowledges that the investment and expenditure of proceeds of the Bonds are primarily within its control and that substantially all of the Net Proceeds of the Bonds will be used to finance property that is owned and controlled by the Issuer. For these reasons, the Issuer agrees to undertake the responsibility for satisfying the Post-Issuance Tax Requirements. This responsibility 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 other City officials, departments and administrators as set forth in the Issuer's Post Issuance Policy and Procedure, 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) Issuer Cooperation; Opinion of Bond Counsel. The Issuer 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.

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

(a) Record Retention Procedure. The Issuer recognizes: (1) that investors purchase the Bonds with the expectation that interest on the Bonds is excluded from gross income for federal income tax purposes, (2) that the tax-exempt status of interest on the Bonds depends on the accuracy of the representations and the satisfaction of the covenants contained herein by the Issuer, many of which relate to matters that will occur after the date the Bonds are issued, and (3) that as part of its ongoing tax-exempt bond audit program the IRS requires that records be created and maintained with respect to the following matters:

(1) Documentation evidencing an allocation of expenditures of Bond proceeds in sufficient detail to determine the date of the expenditure, the asset acquired or the purpose of the expenditure.

(2) Documentation evidencing use of Bond financed property by public and private persons (i.e. copies of Management Agreements, leases, or output contracts).

(3) Documentation evidencing all sources of payment or security for the Bonds.

(4) Documentation pertaining to any investment of Bond proceeds (including the purchase and sale of securities, SLGs subscriptions, actual investment income received from the investment of proceeds, guaranteed investment contracts, and (if required) rebate calculations).

(5) Arbitrage rebate reports and/or opinions.

The Issuer has or will establish procedures to create and retain the records and documentation listed above.

(b) Time-Period Records Must Be Retained; Electronic Storage Permitted. Unless otherwise specifically instructed in a written Opinion of Bond Counsel or to the extent otherwise provided in this Tax Agreement, the Issuer will retain records related to the Post-Issuance Tax Requirements until three 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 Issuer and (5) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system on the Issuer's premises.

(c) Allocation of Bond Proceeds to Expenditures. The Issuer will keep records relating to the allocation of Bond proceeds to expenditures and the Financed Facilities. The Issuer will obtain an Opinion of Bond Counsel in the event the Issuer decides to allocate such proceeds differently than stated in this Tax Agreement or to change the ownership or use of the Financed Facilities.

(d) Opinions of Bond Counsel. The Bond Compliance Officer is responsible for obtaining and delivering to the Issuer any Opinion of Bond Counsel required under the provisions of this 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) Refunding Fund. Amounts in the Refunding Fund will be transferred to the Series 2014D Debt Service Fund held by the Series 2014D Trustee on the Issue Date. Such amounts may be invested without Yield restriction for 90 days. Such amounts are not being invested, and will be expended on March 24, 2017.

(b) Project Fund – Bond Proceeds. Bond proceeds deposited in the Project Fund and investment earnings on such proceeds may be invested without yield restriction for three years after the Issue Date. If any unspent proceeds remain in the Project Fund after three years, such amounts may continue to be invested without yield restriction so long as the Issuer pays to the IRS all yield reduction payments in accordance with Regulations Section 1.148-5(c). These payments are required whether or not the Bonds are exempt from the arbitrage rebate requirements of Code Section 148.

(c) Costs of Issuance Fund. Amounts held in the Costs of Issuance Fund may be invested without yield restriction for three years.

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

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

(f) Rebate Fund. The amounts deposited in the Rebate Fund may be invested without yield restriction as part of the Minor Portion.

Section 4.4. Fair Market Value.

(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 Section 1.148-5 of the Regulations.

(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 Section 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 Section 1.148-5 of the Regulations.

(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 (i) the CD has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal, (ii) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States, and (iii) 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 Issuer is applying Regulations § 1.148-5(d)(6)(iii)(A) (including provisions relating to electronic bidding of Guaranteed Investment Contracts) to the Bonds. 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 Issuer 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 (a) that the potential provider did not consult with any other potential provider about its bid, (b) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer, the Trustee or any other person (whether or not in connection with the Bond issue), and (c) that the bid is not being submitted solely as a courtesy to the Issuer, 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 Issuer’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 three “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 Issuer or Trustee must meet all of the following requirements:

(A) The Issuer or Trustee receives at least three bids from providers that were solicited as described above and that do not have a “material financial interest” in the issue. For this purpose, (a) 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, (b) 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 (c) 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 one of the three bids received is from a reasonably competitive provider, as defined above; and

(C) If the Issuer 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 Trustee retains the following records with the Bond documents until three 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 Issuer or Trustee for the Guaranteed Investment Contract, including a record of any administrative costs paid by the Issuer or Trustee, and the certification as to fees paid, described in paragraph 4(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 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 three 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** above. 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.

(1) The following optional rebate spending exceptions may apply to the Bonds:

(A) Six-month Exception (Code Section 148(f)(2)(B) and Regulations Section 1.148-7(c)).

(B) 18-month Exception (Regulations Section 148-7(d)).

(C) Two-year Exception (Code Section 148(f)(4)(C) and Regulations Section 1.148-7(e)).

(2) The Issuer expects that the issue price of the New Money Portion of the Series 2017B Bonds and Series 2017C Bonds will total the amounts set forth in paragraph (f)(5) below.

(3) The Issuer expects to earn approximately \$29,085.19 in Investment earnings on Bond proceeds in the Project Fund as set forth on **Exhibit I**.

(c) 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 the Bond 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, 18-month or 2-year spending exception, or (2) for a given Bond Year, if the gross earnings on the Bond Fund for such Bond Year are less than \$100,000.

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

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

(1) Using Adjusted Gross Proceeds or Available Construction 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 six-month spending exception generally is met if all Adjusted Gross Proceeds of the Bonds are spent within six 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 six-month period, so long as this amount is spent within one year after the Issue Date.

(3) The 18-month spending exception generally is met if all Adjusted Gross Proceeds of the Series 2017B Bonds are spent in accordance with the following schedule:

Time Period After the Issue Date	Minimum Percentage of Adjusted Gross Proceeds Spent
6 months	15%
12 months	60%
18 months (final)	100%

(4) The two-year spending exception generally is met if all Available Construction Proceeds of the Series 2017B Bonds are spent in accordance with the following schedule:

Time Period After the Issue Date	Minimum Percentage of Available Construction Proceeds Spent
6 months	10%
12 months	45%
18 months	75%
24 months (final)	100%

(5) For purposes of applying the 18-month and two-year spending exceptions only, the failure to satisfy the **final** spending requirement is disregarded if the Issuer uses due diligence to complete the New Money Portion Projects and the failure does not exceed the lesser of 3% of the aggregate issue price of the New Money Portion of the Bonds (i.e., 3% of the issue price of the Series 2017B Bonds of \$19,001,547.71 (\$570,046.43) or (ii) or \$250,000. **No such exception applies for any other spending period.**

(6) For purposes of applying the 18-month and two-year spending exceptions only, the Series 2017B Bonds meet the applicable spending test even if, at the end of the **final** spending period, proceeds not exceeding a Reasonable Retainage remain unspent, so long as such Reasonable Retainage is spent within 30 months (in the case of the 18-month exception) or three years (in the case of the two-year spending test) after the Issue Date.

Section 4.6. Computation and Payment of Arbitrage Rebate.

(a) Rebate Fund. The Trustee will keep the Rebate Fund separate from all other funds and will administer the Rebate Fund under this Tax Agreement. Any investment earnings derived from a Rebate Fund will be credited to such Rebate Fund, and any investment loss will be charged to such Rebate Fund.

(b) Computation of Rebate Amount. The Trustee will provide the Rebate Analyst investment reports relating to each fund held by the Trustee that contains Gross Proceeds of the Bonds at such times as reports are provided to the Issuer, and not later than 10 days following

receipt of a Certificate of Completion pursuant to **Section 4.04** of the Indenture. The Issuer will provide the Rebate Analyst with copies of investment reports for any funds containing Gross Proceeds that are held by a party other than the Trustee annually as of the end of each Bond Year and not later than 10 days following receipt of each Certificate of Completion. Each investment report provided to the Rebate Analyst will contain a record of each investment, including (a) purchase date, (b) purchase price, (c) information establishing the fair market value on the date such investment was allocated to the Bonds, (d) any accrued interest paid, (e) face amount, (f) coupon rate, (g) frequency of interest payments, (h) disposition price, (i) any accrued interest received, and (j) 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 Trustee and the Issuer 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 is related. In performing its duties, the Rebate Analyst may rely, in its discretion, on the correctness of financial analysis reports prepared by other professionals. If the sum of the amount on deposit in the Rebate Fund is less than the arbitrage rebate due, the Issuer will, within 55 days after such Computation Date, pay to the Trustee the amount of the deficiency for deposit into the applicable Rebate Fund. If the sum of the amount on deposit in the Rebate Fund is greater than the Rebate Amount, the Trustee will transfer such surplus from the Rebate Fund to the applicable Bond Fund. After the final Computation Date, any money left in the Rebate Fund will be paid to the Issuer and may be used for any purpose not prohibited by law.

(c) Rebate Payments. Within 60 days after each Computation Date, the Trustee will pay to the United States (but solely from money in the applicable Rebate Fund or provided by the Issuer) the rebate amount then due, determined in accordance with the Regulations. Each rebate 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

Section 4.7. Successor Rebate Analyst. If the Rebate Analyst resigns or becomes incapable of acting for any reason, or if the Issuer desires that a different Rebate Analyst be appointed, then the Issuer, by an instrument or concurrent instruments in writing delivered to the Trustee, will engage a successor Rebate Analyst. In the event the Rebate Analyst resigns or becomes incapable of acting for any reason and the Issuer does not appoint a qualified successor Rebate Analyst within thirty (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.

Section 4.8. Records. The Trustee will retain copies of each arbitrage report and opinion until six years after the final Computation Date.

Section 4.9. Filing Requirements. The Issuer and the Trustee will file or cause to be filed with the Internal Revenue Service 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.

Section 4.10. 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.

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 recordkeeping and payment of arbitrage rebate and all related penalties and interest will remain in effect until all such amounts are paid to the United States.

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 Bondholders, 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, and with the Indenture, such amendment will not cause any Bond to be an arbitrage bond under Code Section 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 Issuer and the Trustee receive an Opinion of Bond Counsel 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 Issuer 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 validity of the Bonds or cause an Event of Taxability to occur. The Issuer 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 Trustee is making only those certifications, representations, and agreements as are specifically attributed to it in this Tax Agreement. The balance of the certifications, representations, and agreements contained in this Tax Agreement, except those made by the Underwriters in the Underwriters' Closing Certificate and those made by the Financial Advisor in the Certificate of Financial Advisor, are those of the Issuer, and the Trustee is relying on the Issuer with respect to them. The Trustee is not aware of any facts or circumstances that would cause it to question the accuracy of the facts, circumstances, estimates or expectations of the Issuer or the Underwriters, and to 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 Issuer, the Trustee 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 Issuer given in good faith described in Regulations Section 1.148-2(b)(2). The Issuer understands that such certification will be relied upon by the law firms of Kutak Rock LLP and the

Hardwick Law Firm LLC in rendering their 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 may be pursued by the Bondowners pursuant to the terms of the Ordinance or any other document which references this Tax Agreement and gives remedies for a misrepresentation or breach thereof.

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.

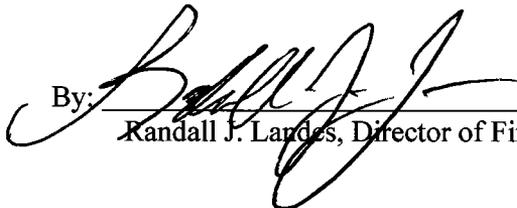
Section 5.9. Governing Law. This Tax Agreement will be governed by and construed in accordance with the laws of the State of Missouri.

Section 5.10. Electronic Transactions. The parties agree that the transactions described herein may be conducted and related documents may be stored by electronic means.

[Remainder of this page intentionally left blank]

THIS TAX COMPLIANCE AGREEMENT has been duly executed by a duly authorized officer of the Issuer as of the day and year first above written.

CITY OF KANSAS CITY, MISSOURI

By:  _____
Randall J. Lardes, Director of Finance

THIS TAX COMPLIANCE AGREEMENT has been duly executed by a duly authorized officer of the Trustee as of the day and year first above written.

UMB BANK, N.A., as Trustee

By: 
Name: Lara Stevens
Title: Vice President

EXHIBIT A
IRS FORM 8038-G

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)
 ► See separate instructions.
 Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name City of Kansas City, Missouri		2 Issuer's employer identification number (EIN) 44-6000201	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address) 414 East 12th Street	Room/suite 105	5 Report number (For IRS Use Only) 3	
6 City, town, or post office, state, and ZIP code Kansas City, MO 64106		7 Date of issue 03/23/2017	
8 Name of issue Special Obligation Bonds, Series 2017B and Series 2017C		9 CUSIP number 485106 RQ3	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Douglas Buehler, City Treasurer		10b Telephone number of officer or other employee shown on 10a 816-513-1024	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11 Education		11		
12 Health and hospital		12		
13 Transportation		13		
14 Public safety		14		
15 Environment (including sewage bonds)		15		
16 Housing		16		
17 Utilities		17		
18 Other. Describe ► Finance and refinance City Improvement Projects		18	121,177,536	35
19 If obligations are TANs or RANs, check only box 19a	<input type="checkbox"/>			
If obligations are BANs, check only box 19b	<input type="checkbox"/>			
20 If obligations are in the form of a lease or installment sale, check box	<input type="checkbox"/>			

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	10/01/2036	\$ 121,177,536.35	\$ 108,595,000.00	9.8421 years	3.1835 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

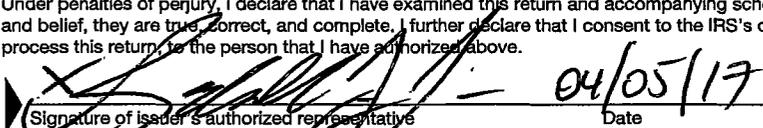
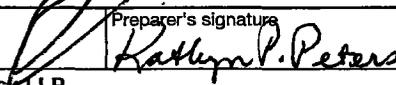
22	Proceeds used for accrued interest		22	0	00
23	Issue price of entire issue (enter amount from line 21, column (b))		23	121,177,536	35
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	843,214	95	
25	Proceeds used for credit enhancement	25	0	00	
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0	00	
27	Proceeds used to currently refund prior issues	27	1,509,702	83	
28	Proceeds used to advance refund prior issues	28	100,022,681	57	
29	Total (add lines 24 through 28)	29	102,375,599	35	
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	18,801,937	00	

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the bonds to be currently refunded	►	0.1889	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded	►	9.3013	years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	►	12/01/2017	
34	Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	►	See attached	

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	0	00
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	0	00
b Enter the final maturity date of the GIC ▶ _____			
c Enter the name of the GIC provider ▶ _____			
37 Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	0	00
38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:			
b Enter the date of the master pool obligation ▶ _____			
c Enter the EIN of the issuer of the master pool obligation ▶ _____			
d Enter the name of the issuer of the master pool obligation ▶ _____			
39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ <input type="checkbox"/>			
40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ <input type="checkbox"/>			
41a If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:			
b Name of hedge provider ▶ _____			
c Type of hedge ▶ _____			
d Term of hedge ▶ _____			
42 If the issuer has superintegrated the hedge, check box ▶ <input type="checkbox"/>			
43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ <input checked="" type="checkbox"/>			
44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ <input checked="" type="checkbox"/>			
45a If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement ▶ _____			
b Enter the date the official intent was adopted ▶ _____			

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.				
		04/05/17	Randall J. Landes, Dir. of Finance		
	Signature of issuer's authorized representative	Date	Type or print name and title		
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Kathryn Peters		4/10/17	<input type="checkbox"/>	P01483977
	Firm's name ▶ Kutak Rock LLP	Firm's EIN ▶ 47-0597598			
	Firm's address ▶ 2300 Main Street, Suite 800, Kansas City, MO 64108	Phone no. 816-960-0090			

ATTACHMENT

1. Current Refunded Special Obligation Bond Anticipation Bonds (Streetcar System Expansion Project) Series 2014D of the City of Kansas City, Missouri (the "Refunded Series 2014D Bonds"):

Line 34: June 4, 2014

2. Advance Refunded Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A of The Industrial Development Authority of the City of Kansas City, Missouri (the "Refunded Series 2005A Bonds"):

Line 34: June 6, 2007

KUTAK ROCK LLP

SUITE 800
TWO PERSHING SQUARE
2300 MAIN STREET
KANSAS CITY, MISSOURI 64108-2416

816-960-0090
FACSIMILE 816-960-0041

www.kutakrock.com

ATLANTA
CHICAGO
DENVER
FAYETTEVILLE
IRVINE
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MINNEAPOLIS
OKLAHOMA CITY
OMAHA
PHILADELPHIA
RICHMOND
ROGERS
SCOTTSDALE
SPOKANE
WASHINGTON, D.C.
WICHITA

KATHRYN PRUESSNER PETERS
kathryn.peters@kutakrock.com
(816) 960-0090

April 11, 2017

VIA FEDERAL EXPRESS
Internal Revenue Service Center
1973 Rulon White Boulevard
Ogden, Utah 84404

Re: City of Kansas City, Missouri
Special Obligation Bonds Series 2017B and 2017C

On behalf of the City of Kansas City, Missouri, I have enclosed one original and a copy of Form 8038-G regarding the above-referenced issues for filing pursuant to Section 149(e) of the Internal Revenue Code of 1986. Please return the copy of the 8038-G stamped "received" to me in the enclosed, stamped, self-addressed envelope.

Should additional information be required, please give me a call.

Sincerely,


Kathryn P. Peters

gjo

Enclosures

ORIGIN DMKCA (816) 960-0090
GLENNA OSBORN
KUTJAK
2300 MAIN STREET
SUITE 800
KANSAS CITY, MO 64108
UNITED STATES US

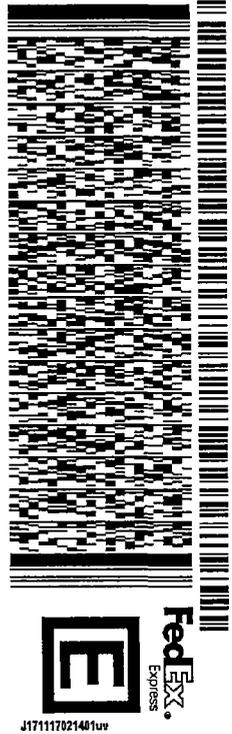
SHIP DATE: 11APR17
ACTWGT: 1.00 LB
CAD: 106010324NET3850

BILL SENDER

TO DEPARTMENT OF TREASURY
INTERNAL REVENUE SERVICE
1973 RULON WHITE BOULEVARD

OGDEN UT 84404
(816) 502-4809 REF: 92711 1154289
INV DEPT
PO

546J2/CFD653C1



TRK# 7788 7229 7290
WED - 12 APR 3:00P
STANDARD OVERNIGHT

AX OGD
UT-US 84404
SLC



After printing this label:

1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number. Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$1,000, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.

2017 B

Osborn, Glenna J.

From: TrackingUpdates@fedex.com
Sent: Wednesday, April 12, 2017 11:22 AM
To: Osborn, Glenna J.
Subject: FedEx Shipment 778872297290 Delivered

Your package has been delivered

Tracking # 778872297290

Ship date:
Tue, 4/11/2017
Glenna Osborn
Kutak
KANSAS CITY, MO 64108
US



Delivered

Delivery date:
Wed, 4/12/2017 10:17
am

Department of Treasury
Internal Revenue Service
1973 Rulon White Boulevard
OGDEN, UT 84404
US



Shipment Facts

Our records indicate that the following package has been delivered.

Tracking number:	<u>778872297290</u>
Status:	Delivered: 04/12/2017 10:17 AM Signed for By: R.SCHWINGHAMMER
Reference:	92711.115/4289
Signed for by:	R.SCHWINGHAMMER
Delivery location:	OGDEN, UT
Delivered to:	Shipping/Receiving
Service type:	FedEx Standard Overnight
Packaging type:	FedEx Envelope
Number of pieces:	1
Weight:	0.50 lb.
Special handling/Services:	Deliver Weekday
Standard transit:	4/12/2017 by 3:00 pm

 Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 11:22 AM CDT on 04/12/2017.



Department of the Treasury
Internal Revenue Service
Ogden UT 84201 0074

Notice	CP152
Tax period	March 31, 2017
Notice date	May 29, 2017
Employer ID number	44-6000201
To contact us	Phone 1-877-829-5500 FAX 801-620-5555

081721.610266.368180.2300 1 AB 0.403 373


CITY OF KANSAS CITY MISSOURI
% PAYM
414 L 12TH STREET
KANSAS CITY MO 64106-2702



081721

Acknowledgment of your March 23, 2017 Form 8038-G

We received your tax-exempt bond form

This notice serves as official acknowledgment that we received your Form 8038-G. If you filed more than one form, you will receive a separate acknowledgment for each one.

Tax-exempt bond information

Name of issue	SPECIAL OBLIGATION BONDS SERIES 201
CUSIP number	485106RQ3
Issue date	March 23, 2017
Issue price	\$121,177,536.00
Maturity date	October 1, 2036

Important reminders

- Attach a copy of this notice to all of your correspondence and documents related to this tax exempt bond
- If a tax practitioner or someone else prepared your form, you may want to give them a copy of this notice. (A copy was automatically sent to all representatives authorized with a Power-of-Attorney for this form.)

Additional information

- Visit www.irs.gov/cp152.
- For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).
- If you have questions about tax-exempt bonds, call TEGE Customer Account Services at 1-877-829-5500.
- Keep this notice for your records

If you need assistance, please don't hesitate to contact us.

EXHIBIT B
CITY DECLARATIONS OF INTENT - SERIES 2017B PROJECTS

The ordinance numbers and dates of passage of the ordinances in which the Issuer declared its intent to finance certain of the applicable Series 2017B Projects identified on **Exhibit D** with tax-exempt bonds and to reimburse the Issuer for expenditures made for such Series 2017B Project prior to the issuance of those bonds are outlined below. Such ordinances are attached hereto. The reimbursement amount for each Series 2017B Project, if applicable, is set forth below.

<u>Description of Project*</u>	<u>Ordinance No.</u>	<u>Ordinance Passage Date</u>	<u>Reimbursement Amount</u>
Peoplesoft Upgrade	160884	December 1, 2016	\$0.00
Energov Permitting System	160884	December 1, 2016	0.00
Museum	170132	February 23, 2017	0.00
Parks Department Connectivity ⁽¹⁾ and Camera Updates	N/A	N/A	0.00
Fuel Stations ⁽¹⁾	N/A	N/A	0.00
TOTAL			

⁽¹⁾ The ordinance that estimated revenues and appropriated moneys for this project, Ordinance No. 170208, was passed on March 30, 2017, after the Series 2017B Bonds were issued, and therefore no declaration of intent was made.

[Attach Ordinances]

CITY OF FOUNTAINS
HEART OF THE NATION



KANSAS CITY
MISSOURI

Office of the City Clerk

25th Floor, City Hall
414 East 12th Street
Kansas City, Missouri 64106

(816) 513-6401
Fax: (816) 513-3353

CERTIFICATE OF THE CITY CLERK

I, Marilyn Sanders, City Clerk of Kansas City, Missouri, certify the attached is a true and correct copy of:

Chapter(s):

Charter Section(s):

Ordinance(s): Ordinance 160884, Passed, December 01, 2016

Other(s):

The above appears in records and is on file in the Office of the City Clerk, 25th Floor, City Hall, Kansas City, Missouri.

IN TESTIMONY WHEREOF, I have set my hand and affixed the seal of the City on this 10th day of March, 2017.

**Marilyn Sanders
City Clerk**

By Requiel Adams
Deputy City Clerk

ORDINANCE NO. 160884

Establishing the Series 2017B Bond Fund; estimating and appropriating bond proceeds in the amount of \$6,647,937.00; declaring the City's intent to reimburse itself for certain expenditures; designating requisitioning authority; and recognizing this ordinance as having an accelerated effective date.

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That Fund No. 3437, the Series 2017B Bond Fund, is hereby established in the records of the City of Kansas City, Missouri.

Section 2. That the revenue in the following account of Fund No. 3437, the Series 2017B Bond Fund, is hereby estimated in the following amount:

AL-3437-120000-590000	Bond Proceeds	\$6,647,937.00
-----------------------	---------------	----------------

Section 3. That the sum of \$6,647,937.00 is hereby appropriated from the Unappropriated Fund Balance of the Fund No. 3437, the Series 2017B Bond Fund to the following accounts:

AL-3437-079746-B-07001216	Peoplesoft Upgrade	\$5,099,736.00
AL-3437-079747-E-07001217	CRM Replacement	<u>1,548,201.00</u>
	TOTAL	\$6,647,937.00

Section 4. That the Director of General Services is designated as requisitioning authority for Account Nos. AL-3437-079746 and AL-3437-079747.

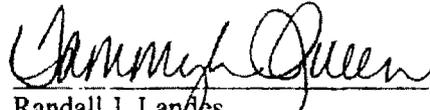
Section 5. That the Director of Finance is hereby authorized to close the project account upon project completion and return the unspent portion of the appropriation to the Fund Balance from which it came.

Section 6. That the City hereby declares its official intent to reimburse itself for certain expenditures made within sixty (60) days prior to or on and after the date of this ordinance with respect to the Peoplesoft Upgrade Project and the CRM Replacement Project (collectively the "Projects") with the proceeds of bonds expected to be issued by the City. The maximum principal amount of bonds expected to be issued for the Projects is not to exceed \$6,647,937.00. This constitutes a declaration of official intent under Treasury Regulation Section 1.150-2.

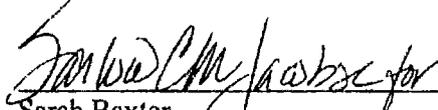
Section 7. This Ordinance is recognized as an ordinance with an accelerated effective date as provided by Section 503(a)(3)(C) of the City Charter in that it appropriates money, and shall take effect in accordance with that section.

ORDINANCE NO. 160884

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

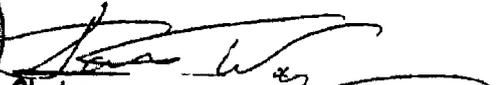
for 
Randall J. Landes
Director of Finance

Approved as to form and legality:


Sarah Baxter
Assistant City Attorney



Authenticated as: se.


Sly James, Mayor


Marilyn Sanders, Clerk

NOV 1 2016

Date Passed

CITY OF FOUNTAINS
HEART OF THE NATION



KANSAS CITY
MISSOURI

Office of the City Clerk

25th Floor, City Hall
414 East 12th Street
Kansas City, Missouri 64106

(816) 513-6401
Fax: (816) 513-3353

CERTIFICATE OF THE CITY CLERK

I, Marilyn Sanders, City Clerk of Kansas City, Missouri, certify the attached is a true and correct copy of:

Chapter(s):

Charter Section(s):

Ordinance(s): Ordinance 170132, Passed, February 23, 2017

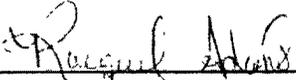
Other(s):

The above appears in records and is on file in the Office of the City Clerk, 25th Floor, City Hall, Kansas City, Missouri.

IN TESTIMONY WHEREOF, I have set my hand and affixed the seal of the City on this 10th day of March, 2017.

**Marilyn Sanders
City Clerk**

By



Deputy City Clerk

ORDINANCE NO. 170132

Approving the issuance by the City of Kansas City Missouri of its special obligation bonds in four series (collectively, the "Series 2017 Bonds"), one to finance certain projects with an estimated cost of \$23,250,000.00 on a taxable basis, one to finance and refinance certain projects with an estimated cost of \$20,631,937.00 on a tax-exempt basis, one to refund a portion of the bonds issued by The Industrial Development Authority of the City of Kansas City, Missouri to finance the Kansas City Downtown Redevelopment District and one to refund bonds issued by The Industrial Development Authority of the City of Kansas City, Missouri to refinance the Midtown Redevelopment Project, such Series 2017 Bonds to be issued in an aggregate principal amount not to exceed \$175,000,000.00; approving and authorizing certain documents and actions relating to the issuance of the Series 2017 Bonds; approving additional tax increment financing for the Linwood Tax Increment Financing Plan; renaming Fund No. 3436 the Special Obligation Series 2017 Taxable Bond Fund; renaming Fund No. 3437 the Special Obligation Series 2017 Tax-Exempt Bond Fund; estimating revenues and appropriating \$6,000,000.00 in the Special Obligation Series 2017 Tax-Exempt Bond Fund (Fund 3437); designating requisitioning authority and authorizing the Director of Finance to close project accounts; declaring the City's intent to reimburse itself from bond proceeds; and recognizing an accelerated effective date.

WHEREAS, the City of Kansas City, Missouri (the "City") is authorized under its charter to issue its bonds or other obligations in evidence thereof; and

WHEREAS, the City proposes to issue its Taxable Special Obligation Bonds (Kansas City, Missouri Projects), which shall be designated the Series 2017A Bonds or such other series designation as the Director of Finance shall determine (the "Series 2017A Bonds"), to provide funds: (a) to acquire, construct, reconstruct and/or improve certain projects within the City with an estimated aggregate cost of \$23,250,000.00, as set forth on Schedule I attached hereto and made a part hereof by reference (the "Taxable City Projects"), (b) to fund a debt service reserve fund for the Kansas City Municipal Assistance Corporation Tax-Exempt Leasehold Improvement Revenue Bonds (H. Roe Bartle Convention Center and Infrastructure Project) Series 2004B-1 (the "Series 2004B-1 Bonds"), (c) to pay capitalized interest on that portion of the Series 2017A Bonds that finances the herein-defined Linwood Project Improvements (the "Series 2017A Linwood Project Portion") and (d) to pay certain costs related to the issuance of the Series 2017A Bonds; and

WHEREAS, pursuant to Ordinance No. 160448 passed by the City on June 16, 2016, the City Council accepted the recommendations of the Tax Increment Financing Commission of Kansas City, Missouri (the "Commission") as to the Linwood Shopping Center Tax Increment Financing Plan (the "Linwood Plan"), approved the Linwood Plan and designated the Redevelopment Area for such Linwood Plan (the "Linwood Redevelopment Area") pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, RSMo, as amended (the "TIF Act"); and

WHEREAS, one of the City Projects shown on Schedule I is the financing of project improvements for the Linwood Plan (the "Linwood Project Improvements"), and in connection therewith the City Council desires to provide additional financing for costs certified by the

ORDINANCE NO. 170132

Commission related to the implementation of the Linwood Project Improvements (the "Linwood Certified Costs") by committing, subject to appropriation and collection, in addition to the revenues available under the TIF Act, certain additional revenues from taxes which are imposed by the City and generated by economic activities within the Linwood Redevelopment Area, which are not subject to capture in accordance with the TIF Act and would otherwise be deposited into the City's general municipal funds, to be used for payment of Linwood Certified Costs (the "Super-TIF"); and

WHEREAS, pursuant to Ordinance No. 160431, As Amended, passed by the City on July 14, 2016, the City approved Phase One of the plan to preserve and enhance the 18th and Vine Historic District within the City (the "18th and Vine Plan"), approved bond funding of Phase One of the 18th and Vine Plan in the amount of \$7,000,000.00 (which will be financed with the proceeds of the Series 2017A Bonds as indicated on Schedule 1), and established Fund No. 3436, the Series 2017A Bond Fund, in the records of the City; and

WHEREAS, the City previously issued its Special Obligation Bond Anticipation Bonds (Streetcar System Expansion Project) Series 2014D, a portion of the proceeds of which were applied to finance certain capital costs associated with the creation by the City in conjunction with the State of Missouri (the "State"), of an Assessment Triage Center to serve people with a mental illness or substance use disorder, located in a building leased to the City by the State (the "Crisis Center Project"), which portion will be currently refunded with proceeds of the hereinafter-defined Series 2017B Bonds (the "Refunded Series 2014D Bonds") to refinance the Crisis Center Project; and

WHEREAS, the City proposes to issue its Special Obligation Bonds (Kansas City, Missouri Projects), which shall be designated the Series 2017B Bonds or such other series designation as the Director of Finance shall determine (the "Series 2017B Bonds"), to provide funds: (a) to acquire, construct, reconstruct and/or improve certain projects within the City and to refinance the Crisis Center Project by the refunding of the Refunded Series 2014D Bonds with an estimated aggregate cost of \$20,631,937.00 as set forth on Schedule II attached hereto and made a part hereof by reference (the "Tax-Exempt City Projects") and (b) to pay certain costs related to the issuance of the Series 2017B Bonds; and

WHEREAS, the Industrial Development Authority of the City of Kansas City, Missouri (the "Authority") previously issued its Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A in the aggregate principal amount of \$115,015,000.00 (the "Series 2005A Bonds") to pay a portion of the costs of a downtown retail/entertainment district, together with necessary infrastructure improvements and the construction of public parking facilities within the retail/entertainment district (the "Kansas City Downtown Redevelopment District Project"); and

WHEREAS, on June 6, 2007, the Series 2005A Bonds were restructured and converted to a fixed rate of interest in the principal amount of \$114,915,000.00; and

WHEREAS, pursuant to the authority of the Downtown and Rural Economic Stimulus Act, Sections 99.915 to 99.1060, inclusive, of the Revised Statutes of Missouri, as amended (the "DESA Act"), the City Council of the City previously approved the formation of the Downtown

ORDINANCE NO. 170132

Economic Stimulus Authority of Kansas City, Missouri ("DESA"), and determined that in order to implement a portion of the Kansas City Downtown Redevelopment District Project, the City would utilize the statutory powers, functions and duties of certain statutory authorities including DESA; and

WHEREAS, the proceeds of the Series 2005A Bonds were used solely for authorized Development Project Costs within the meaning of the DESA Act; and

WHEREAS, the City and DESA previously entered into an agreement which set forth their cooperative agreement regarding the funding of the repayment of the Series 2005A Bonds and the use of revenues available under the DESA Act ("DESA Revenues"); and

WHEREAS, the City proposes to issue its Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), which shall be designated the Series 2017C Bonds or such other series designation as the Director of Finance shall determine (the "Series 2017C Bonds"), to provide funds: (a) to refund all or a portion of the currently outstanding Series 2005A Bonds of the Authority (the "Refunded Series 2005A Bonds") and (b) to pay certain costs related to the issuance of the Series 2017C Bonds; and

WHEREAS, at the request of the City, the Authority and the Commission assisted the City in refunding prior series of bonds issued by the Missouri Development Finance Board (the "Board"), and the Authority previously issued its \$47,705,000.00 Infrastructure Facilities Revenue Bonds (Kansas City, Missouri - Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the "Series 2007A Bonds") to provide funds to refund two prior series of bonds issued by the Board, including its then outstanding Infrastructure Facilities Revenue Bonds (Kansas City, Missouri - Midtown Redevelopment Project) Series 2000A (the "Series 2000A Midtown Bonds"), which were issued by the Board to finance and refinance that certain redevelopment project (the "Midtown Redevelopment Project") authorized by the Midtown Tax Increment Financing Plan dated April 1, 1993, as amended (the "Midtown Redevelopment Plan"); and

WHEREAS, the Authority, the City and the Commission previously entered into an agreement wherein, among other things, the Commission agreed to assign certain Incremental Tax Revenues (as defined therein) to the City in connection with that portion of the Series 2007A Bonds allocable to the Midtown Redevelopment Project; and

WHEREAS, the Board, the City, the Trustee, the Missouri Department of Economic Development (the "Department") and the redeveloper under the Midtown Redevelopment Plan previously entered into an agreement wherein the Department authorized the use of State Sales Tax Revenues (as defined therein) for the Midtown Redevelopment Project; and

WHEREAS, the City proposes to issue its Special Obligation Refunding Bonds (Midtown Redevelopment Project), which shall be designated the Series 2017D Bonds or such other series designation as the Director of Finance shall determine (the "Series 2017D Bonds"), to provide funds: (a) to refund all of the currently Outstanding Series 2007A Bonds of the Authority (the "Refunded Series 2007A Bonds") and (b) to pay certain costs related to the issuance of the Series 2017D Bonds; and

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WHEREAS, the Series 2017A Bonds, Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds are referred to collectively herein as the "2017 Bonds"; and

WHEREAS, the Series 2017A and Series 2017B Bonds shall be issued pursuant to a Trust Indenture (the "Series 2017A and 2017B Indenture"), by and between the City and UMB Bank, N.A., as Trustee (the "Trustee"); and

WHEREAS, the Series 2017C Bonds shall be issued pursuant to a Trust Indenture (the "Series 2017C Indenture") by and between the City and the Trustee; and

WHEREAS, the Series 2017D Bonds shall be issued pursuant to a Trust Indenture (the "Series 2017D Indenture") by and between the City and the Trustee; and

WHEREAS, the Series 2017A and 2017B Indenture, the Series 2017C Indenture and the Series 2017D Indenture are referred to collectively herein as the "Indentures," the Refunded Series 2005A Bonds, the Refunded Series 2007A Bonds and the Refunded Series 2014D Bonds are referred to collectively herein as the "Refunded Bonds," the Series 2017 Bonds issued on a tax-exempt basis are referred to collectively herein as the "Tax-Exempt Bonds" and the Series 2017 Bonds issued on a taxable basis are referred to collectively herein as the "Taxable Bonds"; and

WHEREAS, in order to enhance the security for the Series 2017 Bonds and achieve a lower cost of borrowing, it may be desirable for the City to arrange for a municipal bond insurance policy, letter of credit or other credit enhancement facility, insuring or guaranteeing the payment of the principal of and interest on the Series 2017 Bonds and/or a surety bond or debt service reserve fund policy for any debt service reserve fund, to be issued by a bond insurance company, commercial bank or other financial institution acceptable to the City; and

WHEREAS, the City has found and determined that the financing of the Tax-Exempt City Projects and the Taxable City Projects and the refunding of the Refunded Bonds as described above will benefit the citizens of the City; and

WHEREAS, the City reserves the right to not refund the Refunded Bonds, in whole or in part, in the event that the Director of Finance determines that such refunding would not be of benefit to the City, for example, if such refunding would result in insufficient net present value savings; and

WHEREAS, it is expected that the Tax-Exempt City Projects will be financed with the proceeds of Tax-Exempt Bonds, however, any such project may be financed with the proceeds of Taxable Bonds in whole or in part, and it is further expected that the Taxable City Projects will be financed with the proceeds of Taxable Bonds, however, any such project may be financed with the proceeds of Tax-Exempt Bonds in whole or in part, in each case if the Director of Finance determines that such issuance would be in the best interests of the City, acting upon the recommendation of co-bond counsel; and

WHEREAS, it is expected that each of the Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds will be issued as Tax-Exempt Bonds, however, each such series may be issued as Taxable Bonds in whole or in part if the Director of Finance, acting upon the

ORDINANCE NO. 170132

recommendation of co-bond counsel, determines that such issuance would be in the best interests of the City; and

WHEREAS, in order to accomplish the foregoing, it is necessary and desirable that the City approve the transactions described in this Ordinance and the execution and delivery of the financing documents and certain other matters in connection with the transaction, as herein provided;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. Authorization of Bonds; Authorization and Execution of Bond Purchase Agreement and Certificates of Final Terms. The City hereby authorizes the issuance of its Series 2017 Bonds in the aggregate principal amount not to exceed \$175,000,000.00. The City hereby authorizes the issuance of its Series 2017A Bonds for the purpose of providing funds for the following: (a) to finance the Taxable City Projects, (b) to fund a debt service reserve fund for the Series 2004B-1 Bonds, (c) to pay capitalized interest on a portion of the Series 2017A Bonds and (d) to pay certain costs of issuance of the Series 2017A Bonds. The City hereby authorizes the issuance of its Series 2017B Bonds for the purpose of providing funds for the following: (a) to finance and refinance the Tax-Exempt City Projects, including refunding the Refunded Series 2014D Bonds and (b) to pay certain costs of issuance of the Series 2017B Bonds. The City hereby authorizes the issuance of its Series 2017C Bonds for the purpose of providing funds for the following: (a) to refund the Refunded Series 2005A Bonds and (b) to pay certain costs of issuance of the Series 2017C Bonds. The City hereby authorizes the issuance of its Series 2017D Bonds for the purpose of providing funds for the following: (a) to refund the Refunded Series 2007A Bonds and (b) to pay certain costs related to the issuance of the Series 2017D Bonds. Each series of the Series 2017 Bonds shall be dated the date set forth in the applicable Indenture and applicable form of Bond. The Tax-Exempt Bonds shall bear interest at rates initially not to exceed a true interest cost of 4.75% and the Taxable Bonds shall bear interest at rates initially not to exceed a true interest cost of 5.75%. Each series of the Series 2017 Bonds shall have such other terms and provisions as shall be provided in the applicable Indenture and the Bond Purchase Agreement approved by the Director of Finance.

The Director of Finance is hereby authorized and directed to approve the purchase price for each series of the Series 2017 Bonds, the principal amounts by maturity, the interest rates, the terms of credit enhancement, if any, and the other final terms of the Series 2017 Bonds, including applicable redemption provisions, subject to the limitations set forth in this Section, and in that connection, to execute and deliver, for each series of the Series 2017 Bonds, the Certificate of Final Terms for and on behalf of and as the act and deed of the City, which approval will be conclusively evidenced by the Director of Finance's execution of the Certificate of Final Terms. Upon execution, the Certificate of Final Terms for the Series 2017A Bonds will be attached to this Ordinance as **Exhibit A-1**, the Certificate of Final Terms for the Series 2017B Bonds will be attached to this Ordinance as **Exhibit A-2**, the Certificate of Final Terms for the Series 2017C Bonds will be attached to this Ordinance as **Exhibit A-3** and the Certificate of Final Terms for the Series 2017D Bonds will be attached to this Ordinance as **Exhibit A-4** and the City Clerk is hereby authorized to file each such Certificate of Final Terms with this Ordinance. The City is authorized to enter into a Bond Purchase Agreement for the Series 2017

ORDINANCE NO. 170132

Bonds in accordance with the Certificates of Final Terms. The Director of Finance is authorized to execute the Bond Purchase Agreement for and on behalf of and as the act and deed of the City.

Section 2. Limited Obligations. Each series of the Series 2017 Bonds and the interest thereon shall be special, limited obligations of the City payable solely out of Appropriated Moneys (as defined in the applicable Indenture) and moneys in the Funds and Accounts held by the Trustee under such Indenture (other than the Rebate Fund), and shall be secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the applicable Bonds. Each series of the Series 2017 Bonds and interest thereon shall not be deemed to constitute a debt or liability of the City within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the City, but shall be payable solely from the funds provided for in the Indenture. The issuance of the Series 2017 Bonds shall not, directly, indirectly or contingently, obligate the City to levy any form of taxation therefor or to make any appropriation for their payment.

Section 3. Authorization and Approval of Financing Documents. The proposed documents relating to the financing (the "Financing Documents") are hereby approved in substantially the forms submitted to the City Council, and the Director of Finance is authorized to execute and deliver the Financing Documents with such changes therein and additions thereto as the Director of Finance deems necessary or appropriate.

(a) Indentures.

(b) Tax Compliance Agreement between the City and the Trustee relating to the Tax-Exempt Bonds, or any series thereof, which sets forth certain representations, facts, expectations, terms and conditions relating to the use and investment of the proceeds of such Tax-Exempt Bonds, to establish and maintain the exclusion of interest on such Bonds from gross income for federal income tax purposes, and to provide guidance for complying with the arbitrage rebate provisions of Section 148(f) of the Internal Revenue Code.

(c) Continuing Disclosure Undertaking relating to the Series 2017 Bonds, or any series thereof, under which the City agrees to provide continuing disclosure of certain financial information, operating data and material events, for the benefit of the owners of such Bonds and to assist the Underwriters thereof in complying with Rule 15c2-12 of the Securities and Exchange Commission.

(d) Bond Purchase Agreement relating to the Series 2017 Bonds, or any series thereof, between the City and the Underwriters of such Bonds, under which the City agrees to sell and the Underwriters agree to purchase the Series 2017 Bonds, upon such terms and conditions thereof as set in such Bond Purchase Agreement and the Certificates of Final Terms, as described in **Section 1**.

(e) Financing Agreement, Cooperative Agreement or comparable agreement, relating to any series of Bonds that finances or refinances a project authorized under the

ORDINANCE NO. 170132

TIF Act and/or the DESA Act, with the Commission, DESA, the Board, the Department or other applicable entity, including but not limited to:

- (i) An agreement with the Commission whereby the City and Commission agree to utilize certain economic activity taxes, as defined by the TIF Act, for the debt service on the Series 2017A Bonds Linwood Project Portion.
- (ii) An agreement with the Commission whereby the City commits to provide Super-TIF for the debt service on the Series 2017A Bonds Linwood Project Portion.
- (iii) An agreement with DESA relating to the use of DESA Revenues for the Kansas City Downtown Redevelopment District Project and the Series 2017C Bonds.
- (iv) An agreement with the Commission whereby the Commission agrees to assign certain Incremental Tax Revenues relating to the Midtown Redevelopment Project to the City in connection with the Series 2017D Bonds.
- (v) An agreement with the Department relating to the use of State Sales Tax Revenues for the Midtown Redevelopment Project and the Series 2017D Bonds.
- (f) A Supplemental Financing Agreement or other agreement with the Authority relating to the refunding of the Refunded Series 2005A Bonds.
- (g) An Escrow Agreement or other escrow instruction between the City and the applicable Trustee or Escrow Agent relating to the refunding of the applicable series of Refunded Bonds.

The City Council further approves the execution and delivery by the City of any documents which may be required in connection with the execution and delivery by the City of the Indentures and issuance of the Series 2017 Bonds and of such other documents as the Director of Finance deems necessary or appropriate in connection with the transactions authorized by this Ordinance.

Section 4. Credit Enhancement. The City hereby authorizes the Director of Finance to obtain a bond insurance policy, letter of credit or other credit enhancement ("Credit Enhancement") for some or all of the Series 2017 Bonds and the purchase or a surety bond or debt service reserve fund policy for any debt service reserve fund, if necessary or desired, from a credit provider with such credit rating that, in the opinion of the applicable Underwriters, the Financial Advisors and the Director of Finance, there will be achieved an economic benefit for the City if the Series 2017 Bonds are secured by such Credit Enhancement. The purchase of such Credit Enhancement and the entering into of such agreements with respect thereto as may be necessary or appropriate are hereby approved. Such credit enhancement may be such type, in such amount and provided by such entity or entities as the Director of Finance shall determine to be in the best interest of the City. The officials of the City are authorized and directed to execute

ORDINANCE NO. 170132

all documents, agreements, instruments and certificates in connection with such credit enhancement.

Section 5. Official Statement. The City hereby delegates authority to the Director of Finance to prepare, approve and deem final any Preliminary Official Statement and any final Official Statement, with the signature of the Director of Finance thereon being conclusive evidence of the Director's approval and the City's approval thereof and to approve the final terms of each series of the Series 2017 Bonds, including any credit enhancement of a series of the Series 2017 Bonds. The City hereby consents to the use and public distribution of any Preliminary Official Statement and any final Official Statement in connection with the offering for sale of each series of the Series 2017 Bonds.

Section 6. Approval of Selection of Professionals.

(a) The City approves the selection of FirstSouthwest, a Division of Hilltop Securities Inc., and Moody Reid Financial Advisors to act as Co-Financial Advisors in connection with the issuance of the Series 2017 Bonds. The City approves the selection of Kutak Rock LLP and the Hardwick Law Firm LLC to act as Co-Bond Counsel in connection with the issuance of the Series 2017 Bonds. The City approves the selection of Kutak Rock LLP and the Hardwick Law Firm LLC to act as Co-Disclosure Counsel in connection with the issuance of the Series 2017 Bonds.

(b) The City approves the selection of J.P. Morgan Securities LLC or an affiliate thereof to act as senior Underwriter in connection with the issuance of the Series 2017 Bonds, and authorizes the Director of Finance to select the remaining members of the underwriting syndicate.

Section 7. Renaming of Fund No. 3436. That the name of Fund No. 3436 is hereby changed to the Special Obligation Series 2017 Taxable Bond Fund.

Section 8. Renaming of Fund No. 3437. That the name of Fund No. 3437 is hereby changed to the Special Obligation Series 2017 Tax-Exempt Bond Fund.

Section 9. Estimation of Revenue. That the revenue in the following account of Fund No. 3437, the Special Obligation Series 2017 Tax-Exempt Bond Fund, is hereby estimated in the following amount:

AL-3437-120000-590000	Bond Proceeds	\$6,000,000.00
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Section 10. Appropriation. That the sum of \$6,000,000.00 is hereby appropriated from the Unappropriated Fund Balance of Fund No 3437, the Special Obligation Series 2017 Tax-Exempt Bond Fund, to the following account:

AL-3437-707773-B-70155505	Museum Capital Maintenance	\$6,000,000.00
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Section 11. Designating Authorities. The Director of Parks and Recreation is hereby designated as requisitioning authority for Account No. AL-3437-707773.

ORDINANCE NO. 170132

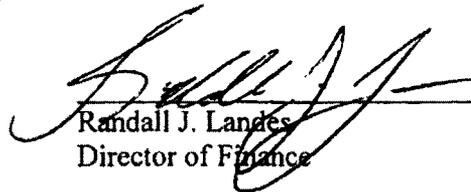
Section 12. **Closing Project Accounts.** The Director of Finance is hereby authorized to close project accounts upon applicable project completion and return the unspent portion of the appropriation to the Fund Balance from which it came.

Section 13. **Declaration of Intent.** The City hereby declares its official intent to reimburse itself for certain expenditures made within sixty (60) days prior to or on and after the date of this ordinance with respect to the improvements to the Kansas City Museum (the "Museum Project") with the proceeds of bonds expected to be issued by the City. The maximum principal amount of bonds expected to be issued for the Museum Project is not to exceed \$6,000,000.00. The City also declares its official intent to reimburse itself for any expenditures made on any Taxable City Project, to the extent that the Director of Finance hereafter determines that any such project should be financed with proceeds of Tax-Exempt Bonds, with a maximum principal amount of \$23,250,000.00 for such projects. This constitutes a declaration of official intent under Treasury Regulation Section 1.150-2.

Section 14. **Further Authority.** The officials of the City are further authorized and directed to execute such documents, instruments and certificates and to take such further actions on behalf of the City as shall be necessary or desirable to effect the terms and provisions of this Ordinance.

Section 15. **Declaration of Accelerated Effective Date.** This Ordinance is recognized as an ordinance with an accelerated effective date as provided by Section 503(a)(3)(C) of the City Charter in that it appropriates money, and shall take effect in accordance with that section.

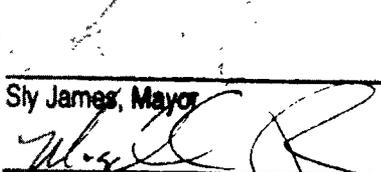
I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

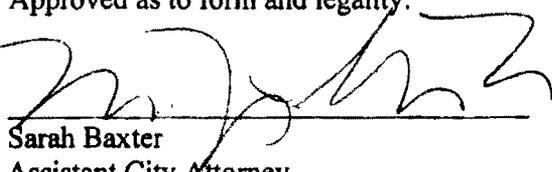

Randall J. Landes
Director of Finance



Authenticated as Passed

Approved as to form and legality:


Sly James, Mayor


Sarah Baxter
Assistant City Attorney

Marilyn Sanders, City Clerk

FEB 23 2017

Date Passed

SCHEDULE I

Taxable City Projects

<u>Description of Project</u>	<u>Estimated Cost of Project*</u>
Linwood Shopping Center	\$ 16,250,000.00
18 th & Vine, Phasc 1	7,000,000.00
TOTAL	\$23,250,000.00

* Estimated Project costs represent the estimates of the City as of the date hereof and are included for informational purposes only. Nothing contained herein shall limit or prevent the City from expending Series 2017A proceeds or proceeds of another series of Series 2017 Bonds (subject to satisfaction of the requirements of the applicable Tax Compliance Agreement) on any of the identified Series 2017A Projects in such amounts as the Director of Finance determines is necessary and appropriate.

ORDINANCE NO. [R-2017-00117]

SCHEDULE II

Tax-Exempt City Projects

<u>Description of Project</u>	<u>Estimated Cost of Project*</u>
Peoplesoft Upgrade	\$ 5,099,736.00
Energov Permitting System	1,548,201.00
Kansas City Museum	6,000,000.00
Zoo Security Cameras	1,800,000.00
Refinancing of Crisis Center	1,510,000.00
Fuel Stations	4,674,000.00
TOTAL	\$20,631,937.00

* Estimated Project costs represent the estimates of the City as of the date hereof and are included for informational purposes only. Nothing contained herein shall limit or prevent the City from expending Series 2017B proceeds or proceeds of another series of Series 2017 Bonds on any of the identified Series 2017B Projects in such amounts as the Director of Finance determines is necessary and appropriate.

ORDINANCE NO. [R-2017-00117]

EXHIBIT A-1
CERTIFICATE OF FINAL TERMS
SERIES 2017A BONDS

The undersigned Director of Finance of the City of Kansas City, Missouri (the "City"), in connection with the issuance of the City's \$_____ Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A (the "Series 2017A Bonds"), certifies pursuant to Section 1 of Ordinance No. _____ of the City (the "Ordinance"), as follows:

1. Original Principal Amount. The Series 2017A Bonds are issued in the original principal amount of \$_____.
2. Maturity Schedule. The Series 2017A Bonds will mature on the dates and in the amounts and bear interest at the rates as set forth in the Trust Indenture dated as of March 1, 2017 (the "Indenture") by and between the City and UMB Bank, N.A., as Trustee, and as summarized on Schedule __ to this Certificate.
3. True Interest Cost: The true interest cost of the Series 2017A Bonds is _____%, as shown on Schedule __ to this Certificate.
4. Purchase Price. The purchase price of the Series 2017A Bonds is \$_____, representing \$_____ principal amount, less Underwriters' discount of \$_____.
5. Optional Redemption. The Series 2017A Bonds are subject to optional redemption pursuant to the Indenture on the dates and in the amounts as set forth therein.

The terms set forth in this Certificate of Final Terms are within the limitations of Section 1 of the Ordinance.

Delivered this ____ day of March, 2017.

CITY OF KANSAS CITY, MISSOURI

By: _____
Randall J. Landes
Director of Finance

ORDINANCE NO. [R-2017-00117]

EXHIBIT A-2
CERTIFICATE OF FINAL TERMS
SERIES 2017B BONDS

The undersigned Director of Finance of the City of Kansas City, Missouri (the "City"), in connection with the issuance of the City's \$_____ Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B (the "Series 2017B Bonds"), certifies pursuant to Section 1 of Ordinance No. _____ of the City (the "Ordinance"), as follows:

1. Original Principal Amount. The Series 2017B Bonds are issued in the original principal amount of \$_____.
2. Maturity Schedule. The Series 2017B Bonds will mature on the dates and in the amounts and bear interest at the rates as set forth in the Trust Indenture dated as of March 1, 2017 (the "Indenture") by and between the City and UMB Bank, N.A., as Trustee, and as summarized on Schedule ___ to this Certificate.
3. True Interest Cost: The true interest cost of the Series 2017B Bonds is _____%, as shown on Schedule ___ to this Certificate.
4. Purchase Price. The purchase price of the Series 2017B Bonds is \$_____, representing \$_____ principal amount, plus net original issue premium of \$_____, less Underwriters' discount of \$_____.
5. Optional Redemption. The Series 2017B Bonds are subject to optional redemption pursuant to the Indenture on the dates and in the amounts as set forth therein.

The terms set forth in this Certificate of Final Terms are within the limitations of Section 1 of the Ordinance.

Delivered this _____ day of March, 2017.

CITY OF KANSAS CITY, MISSOURI

By: _____
Randall J. Landes
Director of Finance

ORDINANCE NO. [R-2017-00117]

EXHIBIT A-3
CERTIFICATE OF FINAL TERMS
SERIES 2017C BONDS

The undersigned Director of Finance of the City of Kansas City, Missouri (the "City"), in connection with the issuance of the City's \$_____ Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the "Series 2017C Bonds"), certifies pursuant to Section 1 of Ordinance No. _____ of the City (the "Ordinance"), as follows:

1. Original Principal Amount. The Series 2017C Bonds are issued in the original principal amount of \$_____.
2. Maturity Schedule. The Series 2017C Bonds will mature on the dates and in the amounts and bear interest at the rates as set forth in the Trust Indenture dated as of March 1, 2017 (the "Indenture") by and between the City and UMB Bank, N.A., as Trustee, and as summarized on Schedule ___ to this Certificate.
3. True Interest Cost: The true interest cost of the Series 2017C Bonds is _____%, as shown on Schedule ___ to this Certificate.
4. Purchase Price. The purchase price of the Series 2017C Bonds is \$_____, representing \$_____ principal amount, plus net original issue premium of \$_____, less Underwriters' discount of \$_____.
5. Optional Redemption. The Series 2017C Bonds are subject to optional redemption pursuant to the Indenture on the dates and in the amounts as set forth therein.

The terms set forth in this Certificate of Final Terms are within the limitations of Section 1 of the Ordinance.

Delivered this ____ day of March, 2017.

CITY OF KANSAS CITY, MISSOURI

By: _____
Randall J. Landes
Director of Finance

ORDINANCE NO. [R-2017-00117]

EXHIBIT A-4
CERTIFICATE OF FINAL TERMS
SERIES 2017D BONDS

The undersigned Director of Finance of the City of Kansas City, Missouri (the "City"), in connection with the issuance of the City's \$_____ Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D (the "Series 2017D Bonds"), certifies pursuant to Section 1 of Ordinance No. _____ of the City (the "Ordinance"), as follows:

1. Original Principal Amount. The Series 2017D Bonds are issued in the original principal amount of \$_____.
2. Maturity Schedule. The Series 2017D Bonds will mature on the dates and in the amounts and bear interest at the rates as set forth in the Trust Indenture dated as of March 1, 2017 (the "Indenture") by and between the City and UMB Bank, N.A., as Trustee, and as summarized on Schedule ___ to this Certificate.
3. True Interest Cost: The true interest cost of the Series 2017D Bonds is _____%, as shown on Schedule ___ to this Certificate.
4. Purchase Price. The purchase price of the Series 2017D Bonds is \$_____, representing \$_____ principal amount, plus net original issue premium of \$_____, less Underwriters' discount of \$_____.
5. Optional Redemption. The Series 2017D Bonds are subject to optional redemption pursuant to the Indenture on the dates and in the amounts as set forth therein.

The terms set forth in this Certificate of Final Terms are within the limitations of Section 1 of the Ordinance.

Delivered this ____ day of March, 2017.

CITY OF KANSAS CITY, MISSOURI

By: _____
Randall J. Landes
Director of Finance

EXHIBIT C

CERTIFICATE OF FINANCIAL ADVISOR

\$19,185,000
Special Obligation Bonds
(Kansas City, Missouri Projects)
Series 2017B
of the
City of Kansas City, Missouri

In connection with the above-referenced Bonds (the “Bonds”), the undersigned, a duly authorized officer of FirstSouthwest, a Division of Hilltop Securities, Inc., as Co-Financial Advisor (the “Financial Advisor”), hereby certifies, represents, warrants and agrees as follows:

Capitalized terms not defined herein shall have the meanings set forth in the Trust Indenture dated as of March 1, 2017, between the City of Kansas City, Missouri (the “Issuer”) and UMB Bank, N.A., as trustee (the “Trustee”) and in the Tax Compliance Agreement relating to the Bonds.

1. The composite Sources and Uses for the Series 2017A Bonds, Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds and the allocation of Series 2017A Bond proceeds to the Taxable City Projects (as defined in the Indenture) are attached to this Certificate for informational purposes.

2. The Sources and Uses of the various Tax-Exempt City Projects and Crisis Center Project refinancing (which includes an allocation of sale proceeds for each project from which the allocation of sale proceeds to the New Money Portion and the Current Refunding Portion is derived), the Debt Service Schedules for the Series 2017B Bonds and for each Tax-Exempt City Project portion and the Crisis Center Project refinancing portion, are attached to this Certificate.

3. The Form 8038-G statistics for the Series 2017B Bonds and Series 2017C Bonds are on the schedules attached to this Certificate.

4. The Yield on the Series 2017B Bonds and Series 2017C Bonds is 3.1835%, as demonstrated on the Proof of Bond Yield attached to this Certificate. The calculations of Yield have been made on the basis of semiannual compounding using a 360-day year and upon the assumption that payments are made on the last day of each semiannual interest payment period. For purposes of calculating the Yield on the Bonds, the Bonds sold at substantial premiums have been treated as redeemed on the earliest optional redemption date resulting in the lowest Yield on the Bonds.

5. The weighted average maturity of the Series 2017B Bonds and Series 2017C Bonds is 9.8421 years. The weighted average maturity of the Series 2017B Bonds is 6.4626 years. The remaining weighted average maturity of the Refunded Series 2014D Bonds is 0.1889 years and the weighted average maturity of the Series 2017B Bonds applied to current refund such Refunded Series 2014D Bonds is 1.573 years. See the schedules attached to this Certificate.

We understand that this Certificate shall form a part of the basis for the opinions, dated the date hereof, of Kutak Rock LLP and the Hardwick Law Firm LLC, Co-Bond Counsel, to the effect that interest on the Bonds is not includible in the gross income of the recipients thereof for purposes of federal income taxation under existing laws, regulations, rulings and judicial decisions.

DATED: March 23, 2017

FIRSTSOUTHWEST,
a Division of Hilltop Securities, Inc.

By: Erick Macha
Name: Erick Macha
Title: Director

All Financial Advisor Schedules
Including Debt Service Schedules,
Proof of Bond Yield
and Weighted Average Maturity

[Attached]

SOURCES AND USES OF FUNDS

Kansas City, MO

=====					
	Dated Date	03/23/2017			
	Delivery Date	03/23/2017			
Sources:	Taxable Special Obligation Bonds, Series 2017A	Special Obligation Bonds, Series 2017B	Special Obligation Refunding Bonds, Series 2017C	Special Obligation Refunding Bonds, Series 2017D	Total
Bond Proceeds:					
Par Amount	31,610,000.00	19,185,000.00	89,410,000.00	16,185,000.00	156,390,000.00
Net Premium/OID		1,342,278.30	11,240,258.05	1,477,563.70	14,060,100.05
	<u>31,610,000.00</u>	<u>20,527,278.30</u>	<u>100,650,258.05</u>	<u>17,662,563.70</u>	<u>170,450,100.05</u>
Other Sources of Funds:					
Debt Service Fund				418,825.00	418,825.00
	<u>31,610,000.00</u>	<u>20,527,278.30</u>	<u>100,650,258.05</u>	<u>18,081,388.70</u>	<u>170,868,925.05</u>
Uses:					
	Taxable Special Obligation Bonds, Series 2017A	Special Obligation Bonds, Series 2017B	Special Obligation Refunding Bonds, Series 2017C	Special Obligation Refunding Bonds, Series 2017D	Total
Project Fund Deposits:					
Project Fund	23,250,000.00	18,801,937.00			42,051,937.00
Refunding Escrow Deposits:					
Cash Deposit		1,509,702.83	0.57	418,825.53	1,928,528.93
SLGS Purchases			100,022,681.00	17,478,516.00	117,501,197.00
		<u>1,509,702.83</u>	<u>100,022,681.57</u>	<u>17,897,341.53</u>	<u>119,429,725.93</u>
Other Fund Deposits:					
Capitalized Interest Fund	701,170.23				701,170.23
Fund KCMAC 2004B1 Reserve	7,342,104.10				7,342,104.10
	<u>8,043,274.33</u>				<u>8,043,274.33</u>
Cost of Issuance:					
Cost of Issuance	176,000.00	140,000.00	300,000.00	130,000.00	746,000.00
Rebate Fund		10,000.00	10,000.00	10,000.00	30,000.00
	<u>176,000.00</u>	<u>150,000.00</u>	<u>310,000.00</u>	<u>140,000.00</u>	<u>776,000.00</u>
Delivery Date Expenses:					
Underwriter's Discount	139,194.61	61,088.08	315,824.35	40,404.76	556,511.80
Other Uses of Funds:					
Additional Proceeds	1,531.06	4,550.39	1,752.13	3,642.41	11,475.99
	<u>31,610,000.00</u>	<u>20,527,278.30</u>	<u>100,650,258.05</u>	<u>18,081,388.70</u>	<u>170,868,925.05</u>

SOURCES AND USES OF FUNDS
Kansas City, MO
Taxable Special Obligation Bonds, Series 2017A

=====				
	Dated Date	03/23/2017		
	Delivery Date	03/23/2017		
Sources:	Linwood Shopping Center Portion	18th and Vine, Phase I Portion	KCMAC 2004B-1 Reserve Fund Portion	Total
Bond Proceeds:				
Par Amount	17,130,000.00	7,065,000.00	7,415,000.00	31,610,000.00
	17,130,000.00	7,065,000.00	7,415,000.00	31,610,000.00
Uses:	Linwood Shopping Center Portion	18th and Vine, Phase I Portion	KCMAC 2004B-1 Reserve Fund Portion	Total
Project Fund Deposits:				
Project Fund	16,250,000.00	7,000,000.00		23,250,000.00
Other Fund Deposits:				
Capitalized Interest Fund	701,170.23			701,170.23
Fund KCMAC 2004B1 Reserve			7,342,104.10	7,342,104.10
	701,170.23		7,342,104.10	8,043,274.33
Delivery Date Expenses:				
Cost of Issuance	95,377.41	39,336.92	41,285.67	176,000.00
Underwriter's Discount	79,762.79	28,373.53	31,058.29	139,194.61
	175,140.20	67,710.45	72,343.96	315,194.61
Other Uses of Funds:				
Additional Proceeds	3,689.57	-2,710.45	551.94	1,531.06
	17,130,000.00	7,065,000.00	7,415,000.00	31,610,000.00

Note: Final

SOURCES AND USES OF FUNDS

**Kansas City, MO
Special Obligation Bonds, Series 2017B**

		Dated Date		03/23/2017		Delivery Date		03/23/2017	
Sources:		Peoplesoft Upgrade Portion	EnerGov Portion	Museum Portion	Fuel Stations Portion	Parks and Recreation Camera Portion	Refund Sp Obl 2014D Portion (Crisis Center)	Total	
Bond Proceeds:									
Par Amount		4,710,000.00	1,430,000.00	5,810,000.00	4,155,000.00	1,635,000.00	1,445,000.00	19,185,000.00	
Net Premium/OID		441,138.65	133,827.15	259,178.25	315,275.75	113,970.65	78,887.85	1,342,278.30	
		5,151,138.65	1,563,827.15	6,069,178.25	4,470,275.75	1,748,970.65	1,523,887.85	20,527,278.30	
Uses:									
		Peoplesoft Upgrade Portion	EnerGov Portion	Museum Portion	Fuel Stations Portion	Parks and Recreation Camera Portion	Refund Sp Obl 2014D Portion (Crisis Center)	Total	
Project Fund Deposits:									
Project Fund		5,099,736.00	1,548,201.00	6,000,000.00	4,424,000.00	1,730,000.00		18,801,937.00	
Refunding Escrow Deposits:									
Cash Deposit							1,509,702.83	1,509,702.83	
Delivery Date Expenses:									
Cost of Issuance		36,825.64	11,180.61	45,426.12	32,486.31	12,783.43	11,297.89	150,000.00	
Underwriter's Discount		10,772.42	3,266.05	25,487.28	16,137.87	3,157.45	2,267.01	61,088.08	
		47,598.06	14,446.66	70,913.40	48,624.18	15,940.88	13,564.90	211,088.08	
Other Uses of Funds:									
Additional Proceeds		3,804.59	1,179.49	-1,735.15	-2,348.43	3,029.77	620.12	4,550.39	
		5,151,138.65	1,563,827.15	6,069,178.25	4,470,275.75	1,748,970.65	1,523,887.85	20,527,278.30	

Note: Final

BOND DEBT SERVICE

**Kansas City, MO
Special Obligation Bonds, Series 2017B**

=====					
		Dated Date	03/23/2017		
		Delivery Date	03/23/2017		
Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2017	2,105,000	5.000%	462,137.30	2,567,137.30	
04/01/2018			389,846.88	389,846.88	
04/30/2018					2,956,984.18
10/01/2018	2,225,000	5.000%	389,846.88	2,614,846.88	
04/01/2019			334,221.88	334,221.88	
04/30/2019					2,949,068.76
10/01/2019	2,345,000	5.000%	334,221.88	2,679,221.88	
04/01/2020			275,596.88	275,596.88	
04/30/2020					2,954,818.76
10/01/2020	1,935,000	5.000%	275,596.88	2,210,596.88	
04/01/2021			227,221.88	227,221.88	
04/30/2021					2,437,818.76
10/01/2021	1,565,000	5.000%	227,221.88	1,792,221.88	
04/01/2022			188,096.88	188,096.88	
04/30/2022					1,980,318.76
10/01/2022	1,645,000	5.000%	188,096.88	1,833,096.88	
04/01/2023			146,971.88	146,971.88	
04/30/2023					1,980,068.76
10/01/2023	510,000	3.000%	146,971.88	656,971.88	
04/01/2024			139,321.88	139,321.88	
04/30/2024					796,293.76
10/01/2024	525,000	4.000%	139,321.88	664,321.88	
04/01/2025			128,821.88	128,821.88	
04/30/2025					793,143.76
10/01/2025	550,000	4.000%	128,821.88	678,821.88	
04/01/2026			117,821.88	117,821.88	
04/30/2026					796,643.76
10/01/2026	575,000	5.000%	117,821.88	692,821.88	
04/01/2027			103,446.88	103,446.88	
04/30/2027					796,268.76
10/01/2027	600,000	5.000%	103,446.88	703,446.88	
04/01/2028			88,446.88	88,446.88	
04/30/2028					791,893.76
10/01/2028	630,000	4.000%	88,446.88	718,446.88	
04/01/2029			75,846.88	75,846.88	
04/30/2029					794,293.76
10/01/2029	655,000	4.000%	75,846.88	730,846.88	
04/01/2030			62,746.88	62,746.88	
04/30/2030					793,593.76
10/01/2030	685,000	4.000%	62,746.88	747,746.88	
04/01/2031			49,046.88	49,046.88	
04/30/2031					796,793.76
10/01/2031	710,000	3.500%	49,046.88	759,046.88	
04/01/2032			36,621.88	36,621.88	
04/30/2032					795,668.76
10/01/2032	355,000	3.625%	36,621.88	391,621.88	
04/01/2033			30,187.50	30,187.50	
04/30/2033					421,809.38
10/01/2033	370,000	3.750%	30,187.50	400,187.50	
04/01/2034			23,250.00	23,250.00	
04/30/2034					423,437.50
10/01/2034	385,000	3.875%	23,250.00	408,250.00	
04/01/2035			15,790.63	15,790.63	
04/30/2035					424,040.63

BOND DEBT SERVICE

**Kansas City, MO
Special Obligation Bonds, Series 2017B**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2035	400,000	3.875%	15,790.63	415,790.63	
04/01/2036			8,040.63	8,040.63	
04/30/2036					423,831.26
10/01/2036	415,000	3.875%	8,040.63	423,040.63	
04/30/2037					423,040.63
	19,185,000		5,344,831.22	24,529,831.22	24,529,831.22

Note: Final

AGGREGATE DEBT SERVICE

Kansas City, MO
 Special Obligation Bonds, Series 2017B

Period Ending	Peoplesoft Upgrade Portion	EnerGov Portion	Museum Portion	Fuel Stations Portion	Parks and Recreation Camera Portion	Refund Sp Obl 2014D Portion (Crisis Center)	Unrefunded Bonds	Aggregate Debt Service
04/30/2018	908,608.33	277,838.89	423,612.51	375,377.22	449,191.67	522,355.56	2,631,757.34	5,588,741.52
04/30/2019	908,125.00	275,500.00	423,843.76	371,350.00	453,000.00	517,250.00		2,949,068.76
04/30/2020	910,875.00	274,250.00	423,843.76	375,725.00	452,500.00	517,625.00		2,954,818.76
04/30/2021	911,625.00	277,375.00	423,343.76	374,475.00	451,000.00			2,437,818.76
04/30/2022	910,375.00	274,875.00	422,343.76	372,725.00				1,980,318.76
04/30/2023	907,125.00	276,750.00	420,843.76	375,350.00				1,980,068.76
04/30/2024			421,293.76	375,000.00				796,293.76
04/30/2025			422,518.76	370,625.00				793,143.76
04/30/2026			422,118.76	374,525.00				796,643.76
04/30/2027			424,818.76	371,450.00				796,268.76
04/30/2028			420,568.76	371,325.00				791,893.76
04/30/2029			422,218.76	372,075.00				794,293.76
04/30/2030			419,818.76	373,775.00				793,593.76
04/30/2031			421,918.76	374,875.00				796,793.76
04/30/2032			424,281.26	371,387.50				795,668.76
04/30/2033			421,809.38					421,809.38
04/30/2034			423,437.50					423,437.50
04/30/2035			424,040.63					424,040.63
04/30/2036			423,831.26					423,831.26
04/30/2037			423,040.63					423,040.63
	5,456,733.33	1,656,588.89	8,453,547.05	5,600,039.72	1,805,691.67	1,557,230.56	2,631,757.34	27,161,588.56

Note: Final

NET DEBT SERVICE
Kansas City, MO
Peoplesoft Upgrade Portion

Date	Principal	Interest	Total Debt Service	Net Debt Service	Annual Net D/S
10/01/2017	685,000	122,983.33	807,983.33	807,983.33	
04/01/2018		100,625.00	100,625.00	100,625.00	
04/30/2018					908,608.33
10/01/2018	725,000	100,625.00	825,625.00	825,625.00	
04/01/2019		82,500.00	82,500.00	82,500.00	
04/30/2019					908,125.00
10/01/2019	765,000	82,500.00	847,500.00	847,500.00	
04/01/2020		63,375.00	63,375.00	63,375.00	
04/30/2020					910,875.00
10/01/2020	805,000	63,375.00	868,375.00	868,375.00	
04/01/2021		43,250.00	43,250.00	43,250.00	
04/30/2021					911,625.00
10/01/2021	845,000	43,250.00	888,250.00	888,250.00	
04/01/2022		22,125.00	22,125.00	22,125.00	
04/30/2022					910,375.00
10/01/2022	885,000	22,125.00	907,125.00	907,125.00	
04/30/2023					907,125.00
	4,710,000	746,733.33	5,456,733.33	5,456,733.33	5,456,733.33

Note: preliminary

BOND SUMMARY STATISTICS

**Kansas City, MO
Peoplesoft Upgrade Portion**

Dated Date	03/23/2017
Delivery Date	03/23/2017
First Coupon	10/01/2017
Last Maturity	10/01/2022
Arbitrage Yield	2.993310%
True Interest Cost (TIC)	1.985820%
Net Interest Cost (NIC)	2.118341%
All-In TIC	2.228748%
Average Coupon	5.000000%
Average Life (years)	3.171
Weighted Average Maturity (years)	3.234
Duration of Issue (years)	2.994
Par Amount	4,710,000.00
Bond Proceeds	5,151,138.65
Total Interest	746,733.33
Net Interest	316,367.10
Bond Years from Dated Date	14,934,666.67
Bond Years from Delivery Date	14,934,666.67
Total Debt Service	5,456,733.33
Maximum Annual Debt Service	911,625.00
Average Annual Debt Service	988,140.84
Underwriter's Fees (per \$1000)	
Average Takedown	1.888854
Other Fee	0.398285
Total Underwriter's Discount	2.287138
Bid Price	109.137287

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	4,710,000.00	109.366	5.000%	3.171	1,530.50
	4,710,000.00			3.171	1,530.50

	TIC	All-In TIC	Arbitrage Yield
Par Value	4,710,000.00	4,710,000.00	4,710,000.00
+ Accrued Interest			
+ Premium (Discount)	441,138.65	441,138.65	441,138.65
- Underwriter's Discount	-10,772.42	-10,772.42	
- Cost of Issuance Expense		-36,825.64	
- Other Amounts			
Target Value	5,140,366.23	5,103,540.59	5,151,138.65
Target Date	03/23/2017	03/23/2017	03/23/2017
Yield	1.985820%	2.228748%	2.993310%

Note: preliminary

NET DEBT SERVICE

**Kansas City, MO
EnerGov Portion**

Date	Principal	Interest	Total Debt Service	Net Debt Service	Annual Net D/S
10/01/2017	210,000	37,338.89	247,338.89	247,338.89	
04/01/2018		30,500.00	30,500.00	30,500.00	
04/30/2018					277,838.89
10/01/2018	220,000	30,500.00	250,500.00	250,500.00	
04/01/2019		25,000.00	25,000.00	25,000.00	
04/30/2019					275,500.00
10/01/2019	230,000	25,000.00	255,000.00	255,000.00	
04/01/2020		19,250.00	19,250.00	19,250.00	
04/30/2020					274,250.00
10/01/2020	245,000	19,250.00	264,250.00	264,250.00	
04/01/2021		13,125.00	13,125.00	13,125.00	
04/30/2021					277,375.00
10/01/2021	255,000	13,125.00	268,125.00	268,125.00	
04/01/2022		6,750.00	6,750.00	6,750.00	
04/30/2022					274,875.00
10/01/2022	270,000	6,750.00	276,750.00	276,750.00	
04/30/2023					276,750.00
	1,430,000	226,588.89	1,656,588.89	1,656,588.89	1,656,588.89

Note: preliminary

BOND SUMMARY STATISTICS

**Kansas City, MO
EnerGov Portion**

Dated Date	03/23/2017
Delivery Date	03/23/2017
First Coupon	10/01/2017
Last Maturity	10/01/2022
Arbitrage Yield	2.993310%
True Interest Cost (TIC)	1.986383%
Net Interest Cost (NIC)	2.118987%
All-In TIC	2.229452%
Average Coupon	5.000000%
Average Life (years)	3.169
Weighted Average Maturity (years)	3.232
Duration of Issue (years)	2.993
Par Amount	1,430,000.00
Bond Proceeds	1,563,827.15
Total Interest	226,588.89
Net Interest	96,027.79
Bond Years from Dated Date	4,531,777.78
Bond Years from Delivery Date	4,531,777.78
Total Debt Service	1,656,588.89
Maximum Annual Debt Service	277,838.89
Average Annual Debt Service	299,985.92
Underwriter's Fees (per \$1000)	
Average Take-down	1.885664
Other Fee	0.398287
Total Underwriter's Discount	2.283951
Bid Price	109.130147

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	1,430,000.00	109.359	5.000%	3.169	464.40
	1,430,000.00			3.169	464.40

	TIC	All-In TIC	Arbitrage Yield
Par Value	1,430,000.00	1,430,000.00	1,430,000.00
+ Accrued Interest			
+ Premium (Discount)	133,827.15	133,827.15	133,827.15
- Underwriter's Discount	-3,266.05	-3,266.05	
- Cost of Issuance Expense		-11,180.61	
- Other Amounts			
Target Value	1,560,561.10	1,549,380.49	1,563,827.15
Target Date	03/23/2017	03/23/2017	03/23/2017
Yield	1.986383%	2.229452%	2.993310%

Note: preliminary

NET DEBT SERVICE

Kansas City, MO
Museum Portion

Date	Principal	Interest	Total Debt Service	Net Debt Service	Annual Net D/S
10/01/2017	180,000	126,753.13	306,753.13	306,753.13	
04/01/2018		116,859.38	116,859.38	116,859.38	
04/30/2018					423,612.51
10/01/2018	195,000	116,859.38	311,859.38	311,859.38	
04/01/2019		111,984.38	111,984.38	111,984.38	
04/30/2019					423,843.76
10/01/2019	205,000	111,984.38	316,984.38	316,984.38	
04/01/2020		106,859.38	106,859.38	106,859.38	
04/30/2020					423,843.76
10/01/2020	215,000	106,859.38	321,859.38	321,859.38	
04/01/2021		101,484.38	101,484.38	101,484.38	
04/30/2021					423,343.76
10/01/2021	225,000	101,484.38	326,484.38	326,484.38	
04/01/2022		95,859.38	95,859.38	95,859.38	
04/30/2022					422,343.76
10/01/2022	235,000	95,859.38	330,859.38	330,859.38	
04/01/2023		89,984.38	89,984.38	89,984.38	
04/30/2023					420,843.76
10/01/2023	245,000	89,984.38	334,984.38	334,984.38	
04/01/2024		86,309.38	86,309.38	86,309.38	
04/30/2024					421,293.76
10/01/2024	255,000	86,309.38	341,309.38	341,309.38	
04/01/2025		81,209.38	81,209.38	81,209.38	
04/30/2025					422,518.76
10/01/2025	265,000	81,209.38	346,209.38	346,209.38	
04/01/2026		75,909.38	75,909.38	75,909.38	
04/30/2026					422,118.76
10/01/2026	280,000	75,909.38	355,909.38	355,909.38	
04/01/2027		68,909.38	68,909.38	68,909.38	
04/30/2027					424,818.76
10/01/2027	290,000	68,909.38	358,909.38	358,909.38	
04/01/2028		61,659.38	61,659.38	61,659.38	
04/30/2028					420,568.76
10/01/2028	305,000	61,659.38	366,659.38	366,659.38	
04/01/2029		55,559.38	55,559.38	55,559.38	
04/30/2029					422,218.76
10/01/2029	315,000	55,559.38	370,559.38	370,559.38	
04/01/2030		49,259.38	49,259.38	49,259.38	
04/30/2030					419,818.76
10/01/2030	330,000	49,259.38	379,259.38	379,259.38	
04/01/2031		42,659.38	42,659.38	42,659.38	
04/30/2031					421,918.76
10/01/2031	345,000	42,659.38	387,659.38	387,659.38	
04/01/2032		36,621.88	36,621.88	36,621.88	
04/30/2032					424,281.26
10/01/2032	355,000	36,621.88	391,621.88	391,621.88	
04/01/2033		30,187.50	30,187.50	30,187.50	
04/30/2033					421,809.38
10/01/2033	370,000	30,187.50	400,187.50	400,187.50	
04/01/2034		23,250.00	23,250.00	23,250.00	
04/30/2034					423,437.50
10/01/2034	385,000	23,250.00	408,250.00	408,250.00	
04/01/2035		15,790.63	15,790.63	15,790.63	
04/30/2035					424,040.63
10/01/2035	400,000	15,790.63	415,790.63	415,790.63	

NET DEBT SERVICE

**Kansas City, MO
 Museum Portion**

Date	Principal	Interest	Total Debt Service	Net Debt Service	Annual Net D/S
04/01/2036		8,040.63	8,040.63	8,040.63	
04/30/2036					423,831.26
10/01/2036	415,000	8,040.63	423,040.63	423,040.63	
04/30/2037					423,040.63
	5,810,000	2,643,547.05	8,453,547.05	8,453,547.05	8,453,547.05

Note: preliminary

BOND SUMMARY STATISTICS

Kansas City, MO
Museum Portion

Dated Date	03/23/2017
Delivery Date	03/23/2017
First Coupon	10/01/2017
Last Maturity	10/01/2036
Arbitrage Yield	2.993310%
True Interest Cost (TIC)	3.556056%
Net Interest Cost (NIC)	3.635647%
All-In TIC	3.642019%
Average Coupon	3.988206%
Average Life (years)	11.409
Weighted Average Maturity (years)	11.181
Duration of Issue (years)	8.948
Par Amount	5,810,000.00
Bond Proceeds	6,069,178.25
Total Interest	2,643,547.05
Net Interest	2,409,856.08
Bond Years from Dated Date	66,284,111.11
Bond Years from Delivery Date	66,284,111.11
Total Debt Service	8,453,547.05
Maximum Annual Debt Service	424,818.76
Average Annual Debt Service	433,021.76
Underwriter's Fees (per \$1000)	
Average Takedown	3.988511
Other Fee	0.398284
Total Underwriter's Discount	4.386795
Bid Price	104.022220

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	4,995,000.00	105.464	4.023%	10.165	4,034.75
Term Bond	815,000.00	98.316	3.875%	19.031	1,083.95
	5,810,000.00			11.409	5,118.70

	TIC	All-In TIC	Arbitrage Yield
Par Value	5,810,000.00	5,810,000.00	5,810,000.00
+ Accrued Interest			
+ Premium (Discount)	259,178.25	259,178.25	259,178.25
- Underwriter's Discount	-25,487.28	-25,487.28	
- Cost of Issuance Expense		-45,426.12	
- Other Amounts			
Target Value	6,043,690.97	5,998,264.85	6,069,178.25
Target Date	03/23/2017	03/23/2017	03/23/2017
Yield	3.556056%	3.642019%	2.993310%

Note: preliminary

NET DEBT SERVICE

Kansas City, MO
Fuel Stations Portion

Date	Principal	Interest	Total Debt Service	Net Debt Service	Annual Net D/S
10/01/2017	195,000	94,639.72	289,639.72	289,639.72	
04/01/2018		85,737.50	85,737.50	85,737.50	
04/30/2018					375,377.22
10/01/2018	205,000	85,737.50	290,737.50	290,737.50	
04/01/2019		80,612.50	80,612.50	80,612.50	
04/30/2019					371,350.00
10/01/2019	220,000	80,612.50	300,612.50	300,612.50	
04/01/2020		75,112.50	75,112.50	75,112.50	
04/30/2020					375,725.00
10/01/2020	230,000	75,112.50	305,112.50	305,112.50	
04/01/2021		69,362.50	69,362.50	69,362.50	
04/30/2021					374,475.00
10/01/2021	240,000	69,362.50	309,362.50	309,362.50	
04/01/2022		63,362.50	63,362.50	63,362.50	
04/30/2022					372,725.00
10/01/2022	255,000	63,362.50	318,362.50	318,362.50	
04/01/2023		56,987.50	56,987.50	56,987.50	
04/30/2023					375,350.00
10/01/2023	265,000	56,987.50	321,987.50	321,987.50	
04/01/2024		53,012.50	53,012.50	53,012.50	
04/30/2024					375,000.00
10/01/2024	270,000	53,012.50	323,012.50	323,012.50	
04/01/2025		47,612.50	47,612.50	47,612.50	
04/30/2025					370,625.00
10/01/2025	285,000	47,612.50	332,612.50	332,612.50	
04/01/2026		41,912.50	41,912.50	41,912.50	
04/30/2026					374,525.00
10/01/2026	295,000	41,912.50	336,912.50	336,912.50	
04/01/2027		34,537.50	34,537.50	34,537.50	
04/30/2027					371,450.00
10/01/2027	310,000	34,537.50	344,537.50	344,537.50	
04/01/2028		26,787.50	26,787.50	26,787.50	
04/30/2028					371,325.00
10/01/2028	325,000	26,787.50	351,787.50	351,787.50	
04/01/2029		20,287.50	20,287.50	20,287.50	
04/30/2029					372,075.00
10/01/2029	340,000	20,287.50	360,287.50	360,287.50	
04/01/2030		13,487.50	13,487.50	13,487.50	
04/30/2030					373,775.00
10/01/2030	355,000	13,487.50	368,487.50	368,487.50	
04/01/2031		6,387.50	6,387.50	6,387.50	
04/30/2031					374,875.00
10/01/2031	365,000	6,387.50	371,387.50	371,387.50	
04/30/2032					371,387.50
	4,155,000	1,445,039.72	5,600,039.72	5,600,039.72	5,600,039.72

Note: preliminary

BOND SUMMARY STATISTICS

**Kansas City, MO
Fuel Stations Portion**

Dated Date	03/23/2017
Delivery Date	03/23/2017
First Coupon	10/01/2017
Last Maturity	10/01/2031
Arbitrage Yield	2.993310%
True Interest Cost (TIC)	3.166487%
Net Interest Cost (NIC)	3.308524%
All-In TIC	3.272893%
Average Coupon	4.172215%
Average Life (years)	8.336
Weighted Average Maturity (years)	8.273
Duration of Issue (years)	7.000
Par Amount	4,155,000.00
Bond Proceeds	4,470,275.75
Total Interest	1,445,039.72
Net Interest	1,145,901.84
Bond Years from Dated Date	34,634,833.33
Bond Years from Delivery Date	34,634,833.33
Total Debt Service	5,600,039.72
Maximum Annual Debt Service	375,725.00
Average Annual Debt Service	385,618.65
Underwriter's Fees (per \$1000)	
Average Takedown	3.485680
Other Fee	0.398284
Total Underwriter's Discount	3.883964
Bid Price	107.199468

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	4,155,000.00	107.588	4.172%	8.336	2,898.75
	4,155,000.00			8.336	2,898.75

	TIC	All-In TIC	Arbitrage Yield
Par Value	4,155,000.00	4,155,000.00	4,155,000.00
+ Accrued Interest			
+ Premium (Discount)	315,275.75	315,275.75	315,275.75
- Underwriter's Discount	-16,137.87	-16,137.87	
- Cost of Issuance Expense		-32,486.31	
- Other Amounts			
Target Value	4,454,137.88	4,421,651.57	4,470,275.75
Target Date	03/23/2017	03/23/2017	03/23/2017
Yield	3.166487%	3.272893%	2.993310%

Note: preliminary

NET DEBT SERVICE
Kansas City, MO
Parks and Recreation Camera Portion

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Date	Principal	Interest	Total Debt Service	Net Debt Service	Annual Net D/S
10/01/2017	375,000	42,691.67	417,691.67	417,691.67	
04/01/2018		31,500.00	31,500.00	31,500.00	
04/30/2018					449,191.67
10/01/2018	400,000	31,500.00	431,500.00	431,500.00	
04/01/2019		21,500.00	21,500.00	21,500.00	
04/30/2019					453,000.00
10/01/2019	420,000	21,500.00	441,500.00	441,500.00	
04/01/2020		11,000.00	11,000.00	11,000.00	
04/30/2020					452,500.00
10/01/2020	440,000	11,000.00	451,000.00	451,000.00	
04/30/2021					451,000.00
	1,635,000	170,691.67	1,805,691.67	1,805,691.67	1,805,691.67

Note: preliminary

BOND SUMMARY STATISTICS

**Kansas City, MO
Parks and Recreation Camera Portion**

Dated Date	03/23/2017
Delivery Date	03/23/2017
First Coupon	10/01/2017
Last Maturity	10/01/2020
Arbitrage Yield	2.993310%
True Interest Cost (TIC)	1.667234%
Net Interest Cost (NIC)	1.753995%
All-In TIC	2.034661%
Average Coupon	5.000000%
Average Life (years)	2.088
Weighted Average Maturity (years)	2.122
Duration of Issue (years)	2.021
Par Amount	1,635,000.00
Bond Proceeds	1,748,970.65
Total Interest	170,691.67
Net Interest	59,878.47
Bond Years from Dated Date	3,413,833.33
Bond Years from Delivery Date	3,413,833.33
Total Debt Service	1,805,691.67
Maximum Annual Debt Service	453,000.00
Average Annual Debt Service	512,656.94
Underwriter's Fees (per \$1000)	
Average Takedown	1.532875
Other Fee	0.398287
Total Underwriter's Discount	1.931162
Bid Price	106.777566

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	1,635,000.00	106.971	5.000%	2.088	354.50
	1,635,000.00			2.088	354.50

	TIC	All-In TIC	Arbitrage Yield
Par Value	1,635,000.00	1,635,000.00	1,635,000.00
+ Accrued Interest			
+ Premium (Discount)	113,970.65	113,970.65	113,970.65
- Underwriter's Discount	-3,157.45	-3,157.45	
- Cost of Issuance Expense		-12,783.43	
- Other Amounts			
Target Value	1,745,813.20	1,733,029.77	1,748,970.65
Target Date	03/23/2017	03/23/2017	03/23/2017
Yield	1.667234%	2.034661%	2.993310%

Note: preliminary

NET DEBT SERVICE

**Kansas City, MO
Refund Sp Obl 2014D Portion (Crisis Center)**

Date	Principal	Interest	Total Debt Service	Net Debt Service	Annual Net D/S
10/01/2017	460,000	37,730.56	497,730.56	497,730.56	
04/01/2018		24,625.00	24,625.00	24,625.00	
04/30/2018					522,355.56
10/01/2018	480,000	24,625.00	504,625.00	504,625.00	
04/01/2019		12,625.00	12,625.00	12,625.00	
04/30/2019					517,250.00
10/01/2019	505,000	12,625.00	517,625.00	517,625.00	
04/30/2020					517,625.00
	1,445,000	112,230.56	1,557,230.56	1,557,230.56	1,557,230.56

Note: preliminary

SUMMARY OF BONDS REFUNDED

**Kansas City, MO
 Refund Sp Obl 2014D Portion (Crisis Center)**

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Sp Obl - Special Obligation Bond Anticipation Bonds, Series 2014D, 14D_SPOB:					
BOND	06/01/2017	1.208%	1,504,000.00	03/24/2017	100.000
			1,504,000.00		

Note: preliminary

SUMMARY OF REFUNDING RESULTS

**Kansas City, MO
 Refund Sp Obl 2014D Portion (Crisis Center)**

Dated Date	03/23/2017
Delivery Date	03/23/2017
Arbitrage yield	2.993310%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	1,445,000.00
True Interest Cost	1.521515%
Net Interest Cost	1.586454%
All-In TIC	2.016298%
Average Coupon	5.000000%
Average Life	1.553
Par amount of refunded bonds	1,504,000.00
Average coupon of refunded bonds	1.208000%
Average life of refunded bonds	0.189
PV of prior debt to 03/23/2017 @ 2.016298%	1,507,361.19
Net PV Savings	-2,341.64
Percentage savings of refunded bonds	-0.155694%
Percentage savings of refunding bonds	-0.162051%

Note: preliminary

ESCROW REQUIREMENTS

**Kansas City, MO
Refund Sp Obl 2014D Portion (Crisis Center)**

Period Ending	Interest	Principal Redeemed	Total
03/24/2017	5,702.83	1,504,000.00	1,509,702.83
	5,702.83	1,504,000.00	1,509,702.83

Note: preliminary

UNREFUNDED BOND DEBT SERVICE

**Kansas City, MO
 Refund Sp Obl 2014D Portion (Crisis Center)**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2017 04/30/2018	2,615,956.96	1.208%	15,800.38	2,631,757.34	2,631,757.34
	2,615,956.96		15,800.38	2,631,757.34	2,631,757.34

Note: preliminary

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 Kansas City, MO
 Combined Arbitrage Yield**

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SOURCES AND USES OF FUNDS

**Combined Series 2017B and Series 2017C
Kansas City, MO
Combined Arbitrage Yield**

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Dated Date 03/23/2017
Delivery Date 03/23/2017

Sources:	Special Obligation Bonds, Series 2017B	Special Obligation Refunding Bonds, Series 2017C	Total
Bond Proceeds:			
Par Amount	19,185,000.00	89,410,000.00	108,595,000.00
Net Premium	1,342,278.30	11,240,258.05	12,582,536.35
	<u>20,527,278.30</u>	<u>100,650,258.05</u>	<u>121,177,536.35</u>
Uses:			
Project Fund Deposits:			
Project Fund	18,801,937.00		18,801,937.00
Refunding Escrow Deposits:			
Cash Deposit	1,509,702.83	0.57	1,509,703.40
SLGS Purchases		100,022,681.00	100,022,681.00
	<u>1,509,702.83</u>	<u>100,022,681.57</u>	<u>101,532,384.40</u>
Delivery Date Expenses:			
Cost of Issuance	150,000.00	310,000.00	460,000.00
Underwriter's Discount	61,088.08	315,824.35	376,912.43
	<u>211,088.08</u>	<u>625,824.35</u>	<u>836,912.43</u>
Other Uses of Funds:			
Additional Proceeds	4,550.39	1,752.13	6,302.52
	<u>20,527,278.30</u>	<u>100,650,258.05</u>	<u>121,177,536.35</u>

PROOF OF ARBITRAGE YIELD

**Combined Series 2017B and Series 2017C
Kansas City, MO
Combined Arbitrage Yield**

Date	Debt Service	Total	Present Value to 03/23/2017 @ 3.1834786484%
09/01/2017	1,888,110.97	1,888,110.97	1,862,118.73
10/01/2017	2,567,137.30	2,567,137.30	2,525,142.45
03/01/2018	2,151,012.50	2,151,012.50	2,088,162.97
04/01/2018	389,846.88	389,846.88	377,461.32
09/01/2018	2,151,012.50	2,151,012.50	2,055,445.64
10/01/2018	2,614,846.88	2,614,846.88	2,492,104.55
03/01/2019	2,151,012.50	2,151,012.50	2,023,240.92
04/01/2019	334,221.88	334,221.88	313,542.54
09/01/2019	2,151,012.50	2,151,012.50	1,991,540.78
10/01/2019	2,679,221.88	2,679,221.88	2,474,069.44
03/01/2020	2,151,012.50	2,151,012.50	1,960,337.32
04/01/2020	275,596.88	275,596.88	250,506.56
09/01/2020	2,151,012.50	2,151,012.50	1,929,622.75
10/01/2020	2,210,596.88	2,210,596.88	1,977,861.90
03/01/2021	2,151,012.50	2,151,012.50	1,899,389.43
04/01/2021	227,221.88	227,221.88	200,114.32
09/01/2021	2,151,012.50	2,151,012.50	1,869,629.79
10/01/2021	1,792,221.88	1,792,221.88	1,553,679.36
03/01/2022	2,151,012.50	2,151,012.50	1,840,336.43
04/01/2022	188,096.88	188,096.88	160,506.57
09/01/2022	8,271,012.50	8,271,012.50	6,965,536.49
10/01/2022	1,833,096.88	1,833,096.88	1,539,707.58
03/01/2023	1,998,012.50	1,998,012.50	1,656,287.41
04/01/2023	146,971.88	146,971.88	121,514.66
09/01/2023	8,668,012.50	8,668,012.50	7,072,918.14
10/01/2023	656,971.88	656,971.88	534,666.31
03/01/2024	1,831,262.50	1,831,262.50	1,470,859.90
04/01/2024	139,321.88	139,321.88	111,608.42
09/01/2024	9,106,262.50	9,106,262.50	7,199,502.32
10/01/2024	664,321.88	664,321.88	523,838.97
03/01/2025	1,649,387.50	1,649,387.50	1,283,590.85
04/01/2025	128,821.88	128,821.88	99,988.60
09/01/2025	9,544,387.50	9,544,387.50	7,311,282.80
10/01/2025	678,821.88	678,821.88	518,630.78
03/01/2026	1,452,012.50	1,452,012.50	1,094,857.20
04/01/2026	117,821.88	117,821.88	88,607.40
09/01/2026	10,022,012.50	10,022,012.50	7,438,470.89
10/01/2026	692,821.88	692,821.88	512,869.95
03/01/2027	1,237,762.50	1,237,762.50	904,289.84
04/01/2027	103,446.88	103,446.88	75,378.01
09/01/2027	44,192,762.50	44,192,762.50	31,780,672.75
10/01/2027	2,673,446.88	2,673,446.88	1,917,522.33
03/01/2028	163,887.50	163,887.50	116,011.05
04/01/2028	49,046.88	49,046.88	34,627.56
09/01/2028	163,887.50	163,887.50	114,193.39
10/01/2028	49,046.88	49,046.88	34,085.01
03/01/2029	163,887.50	163,887.50	112,404.21
04/01/2029	49,046.88	49,046.88	33,550.97
09/01/2029	5,918,887.50	5,918,887.50	3,995,935.21
10/01/2029	49,046.88	49,046.88	33,025.29
03/01/2030	70,368.75	70,368.75	46,762.72
04/01/2030	49,046.88	49,046.88	32,507.85
09/01/2030	4,240,368.75	4,240,368.75	2,773,736.40
10/01/2030	49,046.88	49,046.88	31,998.52
04/01/2031	49,046.88	49,046.88	31,497.17
10/01/2031	759,046.88	759,046.88	479,811.11

PROOF OF ARBITRAGE YIELD

**Combined Series 2017B and Series 2017C
Kansas City, MO
Combined Arbitrage Yield**

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Date	Debt Service	Total	Present Value to 03/23/2017 @ 3.1834786484%
04/01/2032	36,621.88	36,621.88	22,786.83
10/01/2032	391,621.88	391,621.88	239,856.70
04/01/2033	30,187.50	30,187.50	18,199.26
10/01/2033	400,187.50	400,187.50	237,482.51
04/01/2034	23,250.00	23,250.00	13,581.03
10/01/2034	408,250.00	408,250.00	234,734.82
04/01/2035	15,790.63	15,790.63	8,937.01
10/01/2035	415,790.63	415,790.63	231,637.70
04/01/2036	8,040.63	8,040.63	4,409.27
10/01/2036	423,040.63	423,040.63	228,349.37
	154,311,429.69	154,311,429.69	121,177,536.35

Proceeds Summary

Delivery date	03/23/2017
Par Value	108,595,000.00
Premium (Discount)	12,582,536.35
Target for yield calculation	121,177,536.35

PROOF OF ARBITRAGE YIELD

**Combined Series 2017B and Series 2017C
Kansas City, MO
Combined Arbitrage Yield**

Assumed Call/Computation Dates for Premium Bonds

Bond Component	Maturity Date	Rate	Yield	Call Date	Call Price	Yield To Call/Maturity
SERIAL	10/01/2028	4.000%	3.320%	10/01/2027	100.000	3.3200836%
SERIAL	10/01/2029	4.000%	3.480%	10/01/2027	100.000	3.4800189%
SERIAL	10/01/2030	4.000%	3.570%	10/01/2027	100.000	3.5700678%
SERIAL	09/01/2028	5.000%	3.300%	09/01/2027	100.000	3.3004857%
SERIAL	09/01/2029	5.000%	3.390%	09/01/2027	100.000	3.3905183%
SERIAL	09/01/2030	5.000%	3.460%	09/01/2027	100.000	3.4605483%
SERIAL	09/01/2031	5.000%	3.530%	09/01/2027	100.000	3.5305321%
SERIAL	09/01/2032	5.000%	3.610%	09/01/2027	100.000	3.6105260%

Rejected Call/Computation Dates for Premium Bonds

Bond Component	Maturity Date	Rate	Yield	Call Date	Call Price	Yield To Call/Maturity	Increase to Yield
SERIAL	10/01/2028	4.000%	3.320%			3.3677403%	0.0476567%
SERIAL	10/01/2029	4.000%	3.480%			3.5469572%	0.0669383%
SERIAL	10/01/2030	4.000%	3.570%			3.6468155%	0.0767477%
SERIAL	09/01/2028	5.000%	3.300%			3.4150273%	0.1145416%
SERIAL	09/01/2029	5.000%	3.390%			3.5895985%	0.1990801%
SERIAL	09/01/2030	5.000%	3.460%			3.7243693%	0.2638210%
SERIAL	09/01/2031	5.000%	3.530%			3.8423759%	0.3118438%
SERIAL	09/01/2032	5.000%	3.610%			3.9544528%	0.3439267%

FORM 8038 STATISTICS

**Combined Series 2017B and Series 2017C
Kansas City, MO
Combined Arbitrage Yield**

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Dated Date 03/23/2017
Delivery Date 03/23/2017

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Kansas City, MO, Serial Bond:						
	10/01/2017	2,105,000.00	5.000%	102.131	2,149,857.55	2,105,000.00
	10/01/2018	2,225,000.00	5.000%	105.449	2,346,240.25	2,225,000.00
	10/01/2019	2,345,000.00	5.000%	108.501	2,544,348.45	2,345,000.00
	10/01/2020	1,935,000.00	5.000%	111.018	2,148,198.30	1,935,000.00
	10/01/2021	1,565,000.00	5.000%	112.909	1,767,025.85	1,565,000.00
	09/01/2022	6,120,000.00	5.000%	113.892	6,970,190.40	6,120,000.00
	10/01/2022	1,645,000.00	5.000%	114.037	1,875,908.65	1,645,000.00
	09/01/2023	6,670,000.00	5.000%	114.781	7,655,892.70	6,670,000.00
	10/01/2023	510,000.00	3.000%	102.930	524,943.00	510,000.00
	09/01/2024	7,275,000.00	5.000%	115.186	8,379,781.50	7,275,000.00
	10/01/2024	525,000.00	4.000%	108.512	569,688.00	525,000.00
	09/01/2025	7,895,000.00	5.000%	115.456	9,115,251.20	7,895,000.00
	10/01/2025	550,000.00	4.000%	108.017	594,093.50	550,000.00
	09/01/2026	8,570,000.00	5.000%	115.709	9,916,261.30	8,570,000.00
	10/01/2026	575,000.00	5.000%	115.740	665,505.00	575,000.00
	09/01/2027	9,285,000.00	5.000%	116.057	10,775,892.45	9,285,000.00
	10/01/2027	600,000.00	5.000%	116.069	696,414.00	600,000.00
	09/01/2028	10,045,000.00	5.000%	114.907	11,542,408.15	10,045,000.00
	10/01/2028	630,000.00	4.000%	105.996	667,774.80	630,000.00
	09/01/2029	5,755,000.00	3.250%	96.611	5,559,963.05	5,755,000.00
	09/01/2029	5,040,000.00	5.000%	114.053	5,748,271.20	5,040,000.00
	10/01/2029	655,000.00	4.000%	104.548	684,789.40	655,000.00
	09/01/2030	4,170,000.00	3.375%	96.581	4,027,427.70	4,170,000.00
	09/01/2030	7,385,000.00	5.000%	113.394	8,374,146.90	7,385,000.00
	10/01/2030	685,000.00	4.000%	103.743	710,639.55	685,000.00
	09/01/2031	5,525,000.00	5.000%	112.740	6,228,885.00	5,525,000.00
	10/01/2031	710,000.00	3.500%	97.548	692,590.80	710,000.00
	09/01/2032	5,675,000.00	5.000%	111.998	6,355,886.50	5,675,000.00
	10/01/2032	355,000.00	3.625%	97.617	346,540.35	355,000.00
	10/01/2033	370,000.00	3.750%	97.707	361,515.90	370,000.00
	10/01/2034	385,000.00	3.875%	98.683	379,929.55	385,000.00
Kansas City, MO, Term Bond:						
	10/01/2035	400,000.00	3.875%	98.316	393,264.00	400,000.00
	10/01/2036	415,000.00	3.875%	98.316	408,011.40	415,000.00
		108,595,000.00			121,177,536.35	108,595,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	10/01/2036	3.875%	408,011.40	415,000.00		
Entire Issue			121,177,536.35	108,595,000.00	9.8421	3.1835%

FORM 8038 STATISTICS

Combined Series 2017B and Series 2017C

Kansas City, MO

Combined Arbitrage Yield

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	836,912.43
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	1,509,702.83
Proceeds used to advance refund prior issues	100,022,681.57
Remaining weighted average maturity of the bonds to be currently refunded	0.1889
Remaining weighted average maturity of the bonds to be advance refunded	9.3013

FORM 8038 STATISTICS

**Combined Series 2017B and Series 2017C
Kansas City, MO
Combined Arbitrage Yield**

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
IDA - Tax-Exempt Revenue Bonds, Series 2005A (KC Live):					
SERIAL	12/01/2017	1,535,000.00	5.000%	108.050	1,658,567.50
SERIAL	12/01/2018	2,400,000.00	5.000%	107.607	2,582,568.00
SERIAL	12/01/2019	4,080,000.00	5.000%	107.255	4,376,004.00
SERIAL	12/01/2020	4,500,000.00	5.000%	106.903	4,810,635.00
SERIAL	12/01/2021	2,940,000.00	5.000%	106.466	3,130,100.40
SERIAL	12/01/2021	2,000,000.00	4.350%	99.786	1,995,720.00
SERIAL	12/01/2022	5,410,000.00	5.250%	108.301	5,859,084.10
SERIAL	12/01/2023	5,925,000.00	5.000%	105.944	6,277,182.00
SERIAL	12/01/2024	6,475,000.00	5.000%	105.771	6,848,672.25
SERIAL	12/01/2025	7,040,000.00	5.000%	105.598	7,434,099.20
SERIAL	12/01/2026	7,655,000.00	4.500%	98.594	7,547,370.70
SERIAL	12/01/2027	8,270,000.00	4.500%	98.420	8,139,334.00
TERM32	12/01/2028	3,540,000.00	5.000%	105.081	3,719,867.40
TERM32	12/01/2029	3,820,000.00	5.000%	105.081	4,014,094.20
TERM32	12/01/2030	4,110,000.00	5.000%	105.081	4,318,829.10
TERM32	12/01/2031	1,740,000.00	5.000%	105.081	1,828,409.40
TERM32	12/01/2032	1,790,000.00	5.000%	105.081	1,880,949.90
TERM322	12/01/2028	5,380,000.00	4.500%	97.336	5,236,676.80
TERM322	12/01/2029	5,800,000.00	4.500%	97.336	5,645,488.00
TERM322	12/01/2030	6,245,000.00	4.500%	97.336	6,078,633.20
TERM322	12/01/2031	2,680,000.00	4.500%	97.336	2,608,604.80
TERM322	12/01/2032	2,705,000.00	4.500%	97.336	2,632,938.80
		<u>96,040,000.00</u>			<u>98,623,828.75</u>
Sp Obl - Special Obligation Bond Anticipation Bonds, Series 2014D:					
BOND	06/01/2017	1,504,000.00	1.208%	100.000	1,504,000.00
		<u>97,544,000.00</u>			<u>100,127,828.75</u>

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
IDA - Tax-Exempt Revenue Bonds, Series 2005A (KC Live)	12/01/2017	06/06/2007	9.3013
Sp Obl - Special Obligation Bond Anticipation Bonds, Series 2014D	03/24/2017	06/04/2014	0.1889
All Refunded Issues	12/01/2017		9.1645

ESCROW STATISTICS

**Combined Series 2017B and Series 2017C
Kansas City, MO
Combined Arbitrage Yield**

Escrow	Total Escrow Cost	Modified Duration (years)	PV of 1 bp change	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Special Obligation Bonds, Series 2017B:								
BP	1,509,702.83					1,509,702.83		
Special Obligation Refunding Bonds, Series 2017C:								
BP	100,022,681.57	0.674	6,743.89	0.923384%	0.923384%	98,501,055.91	1,521,625.64	0.02
	101,532,384.40		6,743.89			100,010,758.74	1,521,625.64	0.02
			Delivery date	03/23/2017				
			Arbitrage yield	3.183479%				

PROOF OF COMPOSITE ESCROW YIELD

**Combined Series 2017B and Series 2017C
 Kansas City, MO
 Combined Arbitrage Yield**

All restricted escrows funded by bond proceeds

Date	Security Receipts	Present Value to 03/23/2017 @ 0.9233842757%
06/01/2017	2,304,425.31	2,300,418.74
12/01/2017	98,344,424.12	97,722,262.26
	100,648,849.43	100,022,681.00

Escrow Cost Summary

Purchase date	03/23/2017
Purchase cost of securities	100,022,681.00
Target for yield calculation	100,022,681.00

SOURCES AND USES OF FUNDS

**Kansas City, MO
Special Obligation Bonds, Series 2017B**

		Dated Date		03/23/2017			
		Delivery Date		03/23/2017			
Sources:	Peoplesoft Upgrade Portion	EnerGov Portion	Museum Portion	Fuel Stations Portion	Parks and Recreation Camera Portion	Refund Sp Obl 2014D Portion (Crisis Center)	Total
Bond Proceeds:							
Par Amount	4,710,000.00	1,430,000.00	5,810,000.00	4,155,000.00	1,635,000.00	1,445,000.00	19,185,000.00
Net Premium/OID	441,138.65	133,827.15	259,178.25	315,275.75	113,970.65	78,887.85	1,342,278.30
	5,151,138.65	1,563,827.15	6,069,178.25	4,470,275.75	1,748,970.65	1,523,887.85	20,527,278.30
Uses:							
Project Fund Deposits:							
Project Fund	5,099,736.00	1,548,201.00	6,000,000.00	4,424,000.00	1,730,000.00		18,801,937.00
Refunding Escrow Deposits:							
Cash Deposit						1,509,702.83	1,509,702.83
Delivery Date Expenses:							
Cost of Issuance	36,825.64	11,180.61	45,426.12	32,486.31	12,783.43	11,297.89	150,000.00
Underwriter's Discount	10,772.42	3,266.05	25,487.28	16,137.87	3,157.45	2,267.01	61,088.08
	47,598.06	14,446.66	70,913.40	48,624.18	15,940.88	13,564.90	211,088.08
Other Uses of Funds:							
Additional Proceeds	3,804.59	1,179.49	-1,735.15	-2,348.43	3,029.77	620.12	4,550.39
	5,151,138.65	1,563,827.15	6,069,178.25	4,470,275.75	1,748,970.65	1,523,887.85	20,527,278.30

Note: Final

FORM 8038 STATISTICS

**Kansas City, MO
Special Obligation Bonds, Series 2017B**

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Dated Date 03/23/2017
Delivery Date 03/23/2017

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	10/01/2017	2,105,000.00	5.000%	102.131	2,149,857.55	2,105,000.00
	10/01/2018	2,225,000.00	5.000%	105.449	2,346,240.25	2,225,000.00
	10/01/2019	2,345,000.00	5.000%	108.501	2,544,348.45	2,345,000.00
	10/01/2020	1,935,000.00	5.000%	111.018	2,148,198.30	1,935,000.00
	10/01/2021	1,565,000.00	5.000%	112.909	1,767,025.85	1,565,000.00
	10/01/2022	1,645,000.00	5.000%	114.037	1,875,908.65	1,645,000.00
	10/01/2023	510,000.00	3.000%	102.930	524,943.00	510,000.00
	10/01/2024	525,000.00	4.000%	108.512	569,688.00	525,000.00
	10/01/2025	550,000.00	4.000%	108.017	594,093.50	550,000.00
	10/01/2026	575,000.00	5.000%	115.740	665,505.00	575,000.00
	10/01/2027	600,000.00	5.000%	116.069	696,414.00	600,000.00
	10/01/2028	630,000.00	4.000%	105.996	667,774.80	630,000.00
	10/01/2029	655,000.00	4.000%	104.548	684,789.40	655,000.00
	10/01/2030	685,000.00	4.000%	103.743	710,639.55	685,000.00
	10/01/2031	710,000.00	3.500%	97.548	692,590.80	710,000.00
	10/01/2032	355,000.00	3.625%	97.617	346,540.35	355,000.00
	10/01/2033	370,000.00	3.750%	97.707	361,515.90	370,000.00
	10/01/2034	385,000.00	3.875%	98.683	379,929.55	385,000.00
Term Bond:						
	10/01/2035	400,000.00	3.875%	98.316	393,264.00	400,000.00
	10/01/2036	415,000.00	3.875%	98.316	408,011.40	415,000.00
		19,185,000.00			20,527,278.30	19,185,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	10/01/2036	3.875%	408,011.40	415,000.00		
Entire Issue			20,527,278.30	19,185,000.00	6.4626	2.9933%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	211,088.08
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	1,509,702.83
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	0.1889
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

Note: Final

FORM 8038 STATISTICS

**Kansas City, MO
 Special Obligation Bonds, Series 2017B**

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
Sp Obl - Special Obligation Bond Anticipation Bonds, Series 2014D:					
BOND	06/01/2017	1,504,000.00	1.208%	100.000	1,504,000.00
		1,504,000.00			1,504,000.00

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
Sp Obl - Special Obligation Bond Anticipation Bonds, Series 2014D	03/24/2017	06/04/2014	0.1889
All Refunded Issues	03/24/2017		0.1889

Note: Final

EXHIBIT D
LIST OF SERIES 2017B PROJECTS

The Series 2017B Projects include the following:

<u>Description of Project</u>		<u>Estimated Project Cost⁽²⁾</u>
Peoplesoft Upgrade		\$ 5,099,736.00
Energov Permitting System		1,548,201.00
Museum		6,000,000.00
Parks Department Connectivity and Camera Updates		1,730,000.00
Fuel Stations ⁽³⁾		4,424,000.00
MSC Fuel Station	\$1,950,000	
Coalmine Fuel Station	660,000	
Brooklyn Fuel Station	980,000	
PW North Consolidated	510,000	
KCPD South Patrol	64,000	
FIRE Ambulance Fuel Station	510,000	
Refinancing of Crisis Center		<u>1,509,702.38</u>
TOTAL		<u>\$20,311,639.83</u>

⁽¹⁾ Construction Expenditures.

⁽²⁾ Estimated Project costs represent the estimates of the City as of the date hereof and are included for informational purposes only. Nothing contained herein shall limit or prevent the City from expending Series 2017B proceeds on any of the identified Series 2017B Projects or on other General City Projects hereinafter identified under the Indenture in such amounts as the Director of Finance determines is necessary and appropriate, acting upon the recommendation of Co-Bond Counsel.

⁽³⁾ The total cost of the Fuel Stations projects is \$4,674,000. The City is funding \$4,424,000 of such total cost with proceeds of the Series 2017B Bonds, and funding \$250,000 of such total cost with proceeds of another series of bonds to be issued by the City's Kansas City Municipal Assistance Corporation ("KCMAC"). The City has not yet determined which of the projects shown in the table will be financed in part with proceeds of the KCMAC bonds, and therefore amounts shown in the center column of this table for the costs of the separate fuel station projects are the full costs of each such project, totaling \$4,674,000. Actual amounts of Series 2017B Bonds proceeds expended for the projects will be set forth on the final written allocation, a form of which is attached as **Exhibit H**.

DESCRIPTION OF FINANCED FACILITIES
SERIES 2017B PROJECTS

Peoplesoft Upgrade Project – The Peoplesoft Upgrade Project financed with proceeds of the Series 2017B Bonds includes upgrading PeopleSoft FMS to version 9.2, including purchase of specialized testing software, and upgrading PeopleSoft HR to version 9.2, including support for archiving of Time/Labor records.

Energov Permitting System Project – The Energov Permitting System Project financed with proceeds of the Series 2017B Bonds includes replacing PeopleSoft CRM used by 3-1-1 by moving the functionality to the Ener-gov Systems, and replacing PeopleSoft CRM used by helpdesk with another system.

Museum Project – The Museum Project financed with proceeds of the Series 2017B Bonds includes restoration and rehabilitation of the lower level, first floor, second floor, and third floor of Corinthian Hall at the Kansas City Museum. Renovation will provide new exhibition galleries and exhibits, program and event spaces, a museum café and store, a demonstration kitchen and restrooms. New spaces would include new lighting, flooring, and new finishes. Improvements would include life safety, fire and security protection, upgrades to HVAC and elevators.

Parks Department Connectivity and Camera Updates Projects – The Parks Department Connectivity and Camera Updates Projects financed with proceeds of the Series 2017B Bonds includes installation of a fiber optic network that will provide connectivity to enable installation of a system of security cameras throughout Swope Park and security camera improvements at eight community centers.

Fuel Stations Project – The Fuel Stations Project financed with proceeds of the Series 2017B Bonds includes improvements to several fuel stations, described as follows.

<u>Improvement</u>	<u>Description</u>
[MSC Fuel Station -5300 Municipal	Replace concrete drive area and Islands. Replace (4) 10K Tanks with (1) 15K and (1) 10K. Replace (8) suction pumps with (4) dispensers. Install Canopy over Islands. Install sumps under dispensers per new regulations and for leak detection and protection. Install protected fill containment.
Coalmine Fuel Station - 4725 Coalmine Rd	Remove complete existing UST system and replace with complete AST system (2) dispensers. Install Canopy over islands.
Brooklyn Fuel Station - 1901 Brooklyn Ave.	Remove existing (4) 4'x30' Islands and replace with (8) 4'x6' Islands. Install contained dispenser sumps. Replace (8) dispensers. Replace corroded electrical conduits. Replace product supply pipes. Install above ground remote fill boxes. Install tank filtering on diesel system. Replace concrete tank pad and sump manholes. Reconfigure FMU antennas. Seal leaks on canopy drains and deck.
PW North Consolidated - New Site, replaces Russell Rd. Fuel Station	Install complete AST system (2) dispensers. Install Canopy over islands.
KCPD South Patrol	Upgrade station to support southland refueling
FIRE Ambulance Fuel Station -	Remove complete existing system and replace with

6750 Eastwood Trafficway	complete AST system (2) dispensers. Install Canopy over islands.]
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The expected allocation of costs to the Projects financed with the New Money Portion of the Bonds and average reasonably expected economic life of such Financed Facilities is set forth on the spread sheet attached hereto.

[See Spreadsheet]

City of Kansas City, Missouri
Special Obligation Bonds
(Kansas City, Missouri Projects), Series 2017B
Average Economic Life of Financed Facilities [1]

Financed Facilities	(A)				(B)	
	Issue Date or Placed in Service Date [2]	Original Bond Proceeds Allocated	Original Economic Life In Years [3]	Time Elapsed In Years	Remaining Economic Life in Years [4]	Weighted Cost
Series 2017B Financed Facilities						
Peoplesoft Upgrade	3/23/2017	5,099,736	6 000	0.000	6 000	30,598,416
Energov Permitting System	3/23/2017	1,548,201	10 000	0.000	10 000	15,482,010
Museum Improvements	3/23/2017	6,000,000	50 000	0 000	50 000	300,000,000
Parks Dept. Security Cameras	3/23/2017	1,730,000	20.000	0 000	20.000	34,600,000
Fuel Stations Improvements - 20 year useful life [5]	3/23/2017	4,360,000	20.000	0 000	20.000	87,200,000
Fuel Stations Improvements - 10 year useful life [6]	3/23/2017	64,000	10 000	0 000	10 000	640,000
Crisis Center - 15 year useful life	1/1/2017	1,509,702	15 000	0.300	14 700	22,192,619
Total		20,311,639				490,713,045
Date for Average Economic Life Calculation		3/23/2017				
120% of Average Economic Life of Financed Facilities (120% * (B + A))		28.991046				

Notes:

- [1] Includes costs of all facilities or other property constituting the facilities that are expected to be financed or refinanced with proceeds received from the sale of the captioned obligations (including investment earnings thereon). The term "Average Economic Life" means the average reasonably expected economic life of the facilities as defined in Section 147(b) of the Code. With respect to machinery, equipment and other tangible depreciable property (other than buildings or structural components), the midpoint class life which would be applicable with respect to such property under Section 167(m) of the Code determined without regard to paragraph (4) thereof applies as if the organization had made an election under such Section. With respect to buildings and other structural improvements, the guideline life for such property determined under Rev Proc 62-21, 1962-2 C.B. 418 (and subsequent guidance, including Rev. Proc. 87-56, 1987-2 C B 674) applies
- [2] The later of the issue date of the obligations issued to originally finance the facility or the placed-in-service date of the facility. For simplicity purposes, it may be assumed that a facility is placed in service on the issue date of the obligations issued to originally finance the facility.
- [3] Facilities given an original economic life of 40 years include only property that constitutes a building or an integral part thereof, which integral part (a) is not removable without damage to such part of the building of which it is a part and (b) is not to be used with respect to, or designed to permit or facilitate the operation of, any particular piece of equipment or non-real property
- [4] The remaining economic life in years for each financed facility was computed by subtracting (a) the period of years between the issue date or placed in service date of such facility and the date for the Average Economic Life calculation from (b) the original economic life of the facility
- [5] All Fuel Station Improvements other than KCPD South Patrol. Amount shown is amount of improvements financed with Series 2017B Bonds.
- [6] KCPD Fuel Station Improvements

DESCRIPTION OF FINANCED FACILITIES
REFUNDED SERIES 2014D BONDS

Refunded Series 2014D Bonds:

Crisis Center Project – The Crisis Center Project financed in part with proceeds of the Series 2014D Bonds included leasehold improvements to the State-owned building which was leased to the City for the Crisis Center, including improvements to the facility, demolition of walls, flooring, and ceilings, and installation of new walls, ceiling, flooring, painting and doors. This included work on the mechanical equipment, lighting, plumbing and fire suppression system. Exterior work included the securing of parking lots and completion of a new parking area for staff working in the facility.

At the time all conditions for financing the Crisis Center Project from proceeds of the Series 2014D Bonds were satisfied, on May 24, 2016, the Project Manager certified that completion of construction of the Project was expected in December of 2016 and that the useful life of the Crisis Center Project was 15 years. Such certificate is included in Exhibit E, Certificates of Managers. The Crisis Center Project has been completed.

EXHIBIT E
CERTIFICATES OF MANAGERS

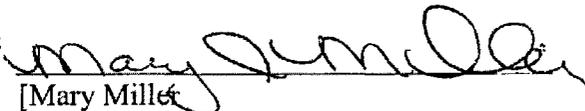
**CERTIFICATE OF MANAGER
RELATING TO
PEOPLESOFT UPGRADE**

The undersigned [Mary Miller, Information Technology] for Kansas City, Missouri, understands that in the Tax Compliance Agreement between the Issuer and UMB Bank, N.A., that the Issuer's Director of Finance is making certain certifications with respect to the use and expenditure of the proceeds of the Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B (the "Bonds"). The undersigned is executing this Certificate in order to assist the Issuer's Director of Finance in making such certifications and the undersigned hereby certifies as follows:

1. **Peoplesoft Upgrade to be Financed with Bond Proceeds.** Approximately \$5,099,736.00 of the proceeds of the Bonds and the investment earnings thereon are to be used to [upgrade the peoplesoft software system] (the "Peoplesoft Upgrade"), as more fully described in **Exhibit D** to the Issuer's Tax Compliance Agreement.

2. **Expenditure of Bond Proceeds.** The City has entered into, or will enter into within six months after the date hereof, binding contracts obligating the expenditure of at least 5% of the net sale proceeds of the portion of the Bonds allocated to the Peoplesoft Upgrade. The Peoplesoft Upgrade is expected to proceed with due diligence and be completed by December of 2017

Dated: March 23, 2017

By: 
[Mary Miller
Information Technology]

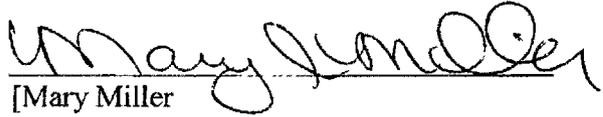
**CERTIFICATE OF MANAGER
RELATING TO
ENERGOV PERMITTING SYSTEM**

The undersigned [Mary Miller, Information Technology] for Kansas City, Missouri, understands that in the Tax Compliance Agreement between the Issuer and UMB Bank, N.A., that the Issuer's Director of Finance is making certain certifications with respect to the use and expenditure of the proceeds of the Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B (the "Bonds"). The undersigned is executing this Certificate in order to assist the Issuer's Director of Finance in making such certifications and the undersigned hereby certifies as follows:

1. **Energov Permitting System to be Financed with Bond Proceeds.** Approximately \$1,548,201.00 of the proceeds of the Bonds and the investment earnings thereon are to be used to [replacing certain software including that used by the 3-1-1 call center] (the "Energov Permitting System"), as more fully described in **Exhibit D** to the Issuer's Tax Compliance Agreement.

2. **Expenditure of Bond Proceeds.** The City has entered into, or will enter into within six months after the date hereof, binding contracts obligating the expenditure of at least 5% of the net sale proceeds of the portion of the Bonds allocated to the Energov Permitting System. The Energov Permitting System is expected to proceed with due diligence and be completed by December of 2017

Dated: March 23, 2017

By: 
[Mary Miller
Information Technology]

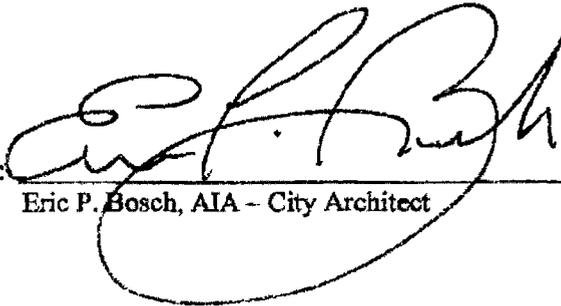
**CERTIFICATE OF MANAGER
RELATING TO
KANSAS CITY MUSEUM PROJECT**

The undersigned, Eric P. Bosch, AIA , City Architect, understands that in the Tax Compliance Agreement between the Issuer and UMB Bank, N.A., that the Issuer's Director of Finance is making certain certifications with respect to the use and expenditure of the proceeds of the Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B (the "Bonds"). The undersigned is executing this Certificate in order to assist the Issuer's Director of Finance in making such certifications and the undersigned hereby certifies as follows:

1. **Museum Improvements Project to be Financed with Bond Proceeds.** Approximately \$6,000,000 of the proceeds of the Bonds and the investment earnings thereon are to be used to make improvements to the Kansas City Museum (the "Museum Improvements Project"), as more fully described in **Exhibit D** to the Issuer's Tax Compliance Agreement.

2. **Expenditure of Bond Proceeds.** The City has entered into, or will enter into within six months after the date hereof, binding contracts obligating the expenditure of at least 5% of the net sale proceeds of the portion of the Bonds allocated to the Museum Improvements Project. The Museum Improvements Project is expected to proceed with due diligence and be completed by March 1, of 2020

Dated: March 23, 2017

By: 
Eric P. Bosch, AIA - City Architect

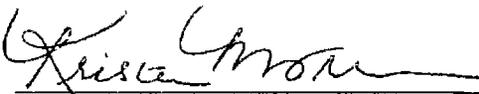
**CERTIFICATE OF MANAGER
RELATING TO
PARKS DEPARTMENT CONNECTIVITY AND CAMERA UPDATES PROJECT**

The undersigned Krista Morrison, Financial Manager, Parks Department, for Kansas City, Missouri, understands that in the Tax Compliance Agreement between the Issuer and UMB Bank, N.A., that the Issuer's Director of Finance is making certain certifications with respect to the use and expenditure of the proceeds of the Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B (the "Bonds"). The undersigned is executing this Certificate in order to assist the Issuer's Director of Finance in making such certifications and the undersigned hereby certifies as follows:

1. **Parks Department Connectivity and Camera Updates Project to be Financed with Bond Proceeds.** Approximately \$1,730,000 of the proceeds of the Bonds and the investment earnings thereon are to be used for installation of a fiber optic network that will provide connectivity to enable installation of a system of security cameras throughout Swope Park and security camera improvements at eight community centers (the "Parks Department Connectivity and Camera Updates Project"), as more fully described in **Exhibit D** to the Issuer's Tax Compliance Agreement.

2. **Expenditure of Bond Proceeds.** The City has entered into, or will enter into within six months after the date hereof, binding contracts obligating the expenditure of at least 5% of the net sale proceeds of the portion of the Bonds allocated to the Parks Department Connectivity and Camera Updates Project. The Parks Department Connectivity and Camera Updates Project is expected to proceed with due diligence and be completed by April 30 of 2019.

Dated: March 23, 2017

By: 

Krista Morrison
Title: Financial Manager, Parks Department

**CERTIFICATE OF MANAGER
RELATING TO
FUEL STATION IMPROVEMENT PROJECTS**

The undersigned Eric P. Bosch, AIA- City Architect for Kansas City, Missouri, understands that in the Tax Compliance Agreement between the Issuer and UMB Bank, N.A., that the Issuer's Director of Finance is making certain certifications with respect to the use and expenditure of the proceeds of the Special Obligation Bonds (Kansas City, Missouri, Projects), Series 2017B (the "Bonds"). The undersigned is executing this Certificate in order to assist the Issuer's Director of Finance in making such certifications and the undersigned hereby certifies as follows:

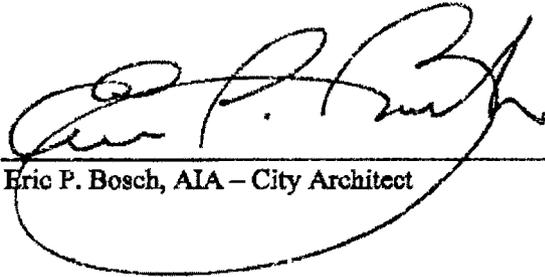
1. **Fuel station improvements to be Financed with Bond Proceeds.** Approximately \$4,424,000 of the proceeds of the Bonds and the investment earnings thereon are to be used to finance a portion of the costs of fuel station improvements (the "Fuel Station Improvement Projects"), as more fully described in Exhibit D to the Issuer's Tax Compliance Agreement.

2. **Expenditure of Bond Proceeds.** The City has entered into, or will enter into within six months after the date hereof, binding contracts obligating the expenditure of at least 5% of the net sale proceeds of the portion of the Bonds allocated to the Fuel Station Improvement Projects. The Fuel Station Improvement Projects is expected to proceed with due diligence and be completed by March 1 of 2020

Dated: March 23, 2017

By: _____

Eric P. Bosch, AIA – City Architect



**CERTIFICATE OF MANAGER
RELATING TO
CRISIS CENTER PROJECT**

The undersigned Eric Bosch, City Architect, Kansas City, Missouri, is executing this Certificate in connection with the use and expenditure of a portion of the proceeds of the City's Special Obligation Bond Anticipation Bonds (Streetcar System Expansion Project), Series 2014D (the "Bonds"), and the designation of the herein-defined Crisis Center Project as a new General City Project under the Bond Issuance and Purchase Agreement dated as of June 1, 2014, as amended by the First Amendment to Bond Issuance and Purchase Agreement dated as of January 1, 2015 (as amended, the "Bond Issuance Agreement"), by and between the City and PNC Bank, National Association, as Purchaser of the Bonds. The undersigned hereby certifies as follows:

1. **Crisis Center Project to be Financed with Bond Proceeds.** Approximately \$1,500,000 of the proceeds of the Bonds and the investment earnings thereon are to be used for leasehold improvements to a building located at 2600 E. 12th Street, Kansas City Missouri, which building is owned by the State of Missouri and leased to the City, to be used as an Assessment Triage Center, to more efficiently serve people with a mental illness or substance use disorder by getting them off the streets and into a treatment setting (the "Crisis Center Project").

2. **Useful Life.** The reasonably expected useful life of the Crisis Center Project leasehold improvements financed with proceeds of the Bonds is 15 years.

3. **Expenditure of Bond Proceeds.** The Crisis Center Project is expected to proceed with due diligence and be completed by Dec 31 of 2016

Date: May 24 , 2016

By: *ERIC BOSCH*

Eric Bosch
City Architect

EXHIBIT F

REFUNDED SERIES 2014D BONDS

Put Date	Par Amount	Interest Rate
June 1, 2017	\$ 1,504,000	1.208%

EXHIBIT G

ANNUAL COMPLIANCE CHECKLIST

Name of tax-exempt bonds (“Bonds”) financing Financed Facilities:	Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B
Issue Date of Bonds:	March 23, 2017
Placed in service date of Financed Facilities:	
Name of Bond Compliance Officer:	
Period covered by request (“Annual Period”):	

Item	Question	Response
1 Ownership	Were all of the Financed Facilities owned by the Issuer during the entire Annual Period, if applicable?	<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	During the Annual Period, were any of the Financed Facilities leased at any time pursuant to a lease or similar agreement for more than 50 days?	<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

3 Management or Service Agreements	During the Annual Period, has the management of all or any part of the operations of the Financed Facilities 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

Item	Question	Response
4 Other Use	Was any other agreement entered into with an individual or entity that grants special legal rights to the Financed Facilities?	<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

5 Arbitrage & Rebate	Have all rebate and yield reduction calculations mandated in the Tax Compliance Agreement been prepared for the current year?	<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 H

SAMPLE FINAL WRITTEN ALLOCATION

\$19,185,000
Special Obligation Bonds
(Kansas City, Missouri Projects)
Series 2017B
of the
City of Kansas City, Missouri
Final Written Allocation

The undersigned is the Bond Compliance Officer of the City of Kansas City, Missouri (the “Issuer”) and in that capacity is authorized to execute federal income tax returns required to be filed by the Issuer and to make appropriate elections and designations regarding federal income tax matters on behalf of the Issuer. This allocation of the proceeds of the bond issue referenced above (the “Series 2017B Bonds”) is necessary for the Issuer to satisfy ongoing reporting and compliance requirements under federal income tax laws.

Purpose. This document, together with the schedules and records referred to below, is intended to memorialize allocations of Series 2017B Bond proceeds to expenditures for purposes of §§ 141 and 148 of the Internal Revenue Code (the “Code”). All allocations are or were previously made no later than 18 months following the date the expenditure was made by the Issuer or, if later, the date the “project” was “placed in service” (both as defined below), and no later than 60 days following the 5th anniversary of the issue date of the Series 2017B Bonds.

Background. The Series 2017B Bonds were issued on March 23, 2017 (the “Issue Date”). The Series 2017B Bonds were issued, in part, in order to provide funds needed to finance the Peoplesoft Upgrade Project, the Energov Permitting System Project, the Museum Project, the Parks Department Connectivity and Camera Updates Project and the Fuel Stations Project (the “Tax-Exempt City Projects”). The Series 2017B Bonds were issued pursuant to the Trust Indenture dated as of March 1, 2017, by and between the Issuer and UMB Bank, N.A. Proceeds of the Series 2017B Bonds were deposited to the following accounts, among others:

Series 2017B Project Fund
Costs of Issuance Fund
Rebate Fund

Sources Used to Fund Project Costs and Allocation of Proceeds to Project Costs. A portion of the costs of the Tax-Exempt City Projects was paid from sale proceeds of the Series 2017B Bonds and the remaining portion of the costs of the Tax-Exempt City Projects was paid from earnings from the investment of bond sale proceeds as shown on **Exhibit A** to this Final Written Allocation.

Identification of Financed Assets. The portions of the Tax-Exempt City Projects financed from Series 2017B Bond proceeds (i.e., the applicable “Financed Facilities” referenced in the Tax Compliance Agreement) are listed on page 1 of **Exhibit B** to this Final Written Allocation.

Identification and Timing of Expenditures for Arbitrage Purposes. For purposes of complying with the arbitrage rules, the Issuer allocates the proceeds of the Series 2017B Bonds to the various expenditures described in the invoices, requisitions or other substantiation attached as **Exhibit B** to this Final Written Allocation. In each case, the cost requisitioned was either paid directly to a third party or

reimbursed the Issuer for an amount it had previously paid or incurred. Amounts received from the sale of the Series 2017B Bonds and retained as underwriters discount are allocated to that purpose and spent on the Issue Date. Amounts allocated to interest expense are treated as paid on the interest payment dates for the Series 2017B Bonds.

Placed In Service. The Tax-Exempt City Projects were “placed in service” on the dates set out on **Exhibit B** to this Final Written Allocation. For this purpose, the assets are considered to be “placed in service” as of the date on which, based on all the facts and circumstances: (1) the constructing and equipping of the asset has reached a degree of completion which would permit its operation at substantially its design level; and (2) the asset is, in fact, in operation at that level.

This allocation has been prepared based on statutes and regulations existing as of this date. The Issuer reserves the right to amend this allocation to the extent permitted by future Treasury Regulations or similar authorities.

CITY OF KANSAS CITY, MISSOURI

By: _____
Title: _____

Dated: _____

Name of Legal Counsel/Law Firm Reviewing Final Written Allocation:

Date of Review: _____

**EXHIBIT A
TO FINAL WRITTEN ALLOCATION**

ALLOCATION OF SOURCES AND USES

[Insert Spreadsheet]

EXHIBIT B
TO FINAL WRITTEN ALLOCATION
IDENTIFICATION OF FINANCED ASSETS
&
DETAILED LISTING OF EXPENDITURES

[Insert Spreadsheet]

EXHIBIT I
ESTIMATED PROJECT FUND EARNINGS

[Insert Spreadsheet]

Kansas City, Missouri
Special Obligation Bonds, Series 2017B
(Kansas City, Missouri Projects)
Estimated Fund Interest Earnings

Assumed interest rate: 0.21%
Principal \$ 18,801,937

Draw Month	Less Fund Draws	Adjusted Aggregate	Period	Annualized Interest	Daily Interest	Period Interest	Ending Balance
Apr-17	-	\$ 18,801,937	30	\$ 39,484.07	\$ 108.18	\$ 3,245.27	\$ 18,805,182
May-17	8,107,887	\$ 10,697,295	31	\$ 22,464.32	\$ 61.55	\$ 1,907.93	\$ 10,699,203
Jun-17	\$37,000	\$ 10,662,203	30	\$ 22,390.63	\$ 61.34	\$ 1,840.33	\$ 10,664,043
Jul-17	\$80,000	\$ 10,584,043	31	\$ 22,226.49	\$ 60.89	\$ 1,887.73	\$ 10,585,931
Aug-17	\$158,111	\$ 10,427,820	31	\$ 21,898.42	\$ 60.00	\$ 1,859.87	\$ 10,429,680
Sep-17	\$271,111	\$ 10,158,569	30	\$ 21,332.99	\$ 58.45	\$ 1,753.40	\$ 10,160,322
Oct-17	\$296,111	\$ 9,864,211	31	\$ 20,714.84	\$ 56.75	\$ 1,759.34	\$ 9,865,971
Nov-17	\$346,111	\$ 9,519,860	30	\$ 19,991.71	\$ 54.77	\$ 1,643.15	\$ 9,521,503
Dec-17	\$446,111	\$ 9,075,392	31	\$ 19,058.32	\$ 52.21	\$ 1,618.65	\$ 9,077,010
Jan-18	\$446,111	\$ 8,630,899	31	\$ 18,124.89	\$ 49.66	\$ 1,539.37	\$ 8,632,439
Feb-18	\$546,111	\$ 8,086,328	28	\$ 16,981.29	\$ 46.52	\$ 1,302.67	\$ 8,087,630
Mar-18	\$546,111	\$ 7,541,519	31	\$ 15,837.19	\$ 43.39	\$ 1,345.08	\$ 7,542,864
Apr-18	\$546,111	\$ 6,996,753	30	\$ 14,693.18	\$ 40.26	\$ 1,207.66	\$ 6,997,961
May-18	\$3,346,661	\$ 3,651,301	31	\$ 7,667.73	\$ 21.01	\$ 651.23	\$ 3,651,952
Jun-18	\$96,111	\$ 3,555,841	30	\$ 7,467.27	\$ 20.46	\$ 613.75	\$ 3,556,455
Jul-18	\$96,111	\$ 3,460,344	31	\$ 7,266.72	\$ 19.91	\$ 617.17	\$ 3,460,961
Aug-18	\$96,111	\$ 3,364,850	31	\$ 7,066.18	\$ 19.36	\$ 600.14	\$ 3,365,450
Sep-18	\$96,111	\$ 3,269,339	30	\$ 6,865.61	\$ 18.81	\$ 564.30	\$ 3,269,903
Oct-18	\$96,111	\$ 3,173,792	31	\$ 6,664.96	\$ 18.26	\$ 566.07	\$ 3,174,358
Nov-18	\$96,111	\$ 3,078,247	30	\$ 6,464.32	\$ 17.71	\$ 531.31	\$ 3,078,779
Dec-18	\$96,111	\$ 2,982,668	31	\$ 6,263.60	\$ 17.16	\$ 531.98	\$ 2,983,199
Jan-19	\$66,113	\$ 2,917,086	31	\$ 6,125.88	\$ 16.78	\$ 520.28	\$ 2,917,607
Feb-19	\$0	\$ 2,917,607	28	\$ 6,126.97	\$ 16.79	\$ 470.01	\$ 2,918,077
Mar-19	\$67,000	\$ 2,851,077	31	\$ 5,987.26	\$ 16.40	\$ 508.51	\$ 2,851,585
Cumulative Draws:	\$ 15,979,437					\$ 29,085.19	

Beginning Balance	\$ 18,801,937	Cumulative Fund Interest Earnings:	\$ 29,085.19
Cumulative Draws:	\$ 15,979,437	Remaining Beginning Balance	\$ 2,822,500
Remaining Balance	\$ 2,822,500	Ending Fund Balance	\$ 2,851,585

**Project List for \$19,185,000 City of Kansas City, Missouri
Special Obligation Bonds (Kansas City, Missouri Projects)
The Series 2017B Bonds**

Deposit into 2017B Projects Account of the Project Fund: \$ 18,801,937

	May-17	Jun-17	Jul-17	Aug-17	Sep-17
Parks and Rec Centers			30,000	96,111	96,111
Museum	36,500	37,000	50,000	62,000	175,000
People Soft	2,933,186				
EnerGov	1,548,201				
Fuel Stations:	3,590,000				
Combined Monthly Project Draws:	8,107,887	37,000	80,000	158,111	271,111

Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
96,111	96,111	96,111	96,111	96,111	96,111	96,111	96,111	96,111	96,111
200,000	250,000	350,000	350,000	450,000	450,000	450,000			
							2,166,550		
							1,084,000		
296,111	346,111	446,111	446,111	546,111	546,111	546,111	3,346,661	96,111	96,111

PARKS DEPARTMENT

		Planned Monthly Expenditures			
Date	Amount				
5/16					
11/16					
12/16					
1/17					
2/17					
3/17					
4/17					
5/17					
6/17					
7/17	\$30,000				
8/17	\$96,111				
9/17	\$96,111				
10/17	\$96,111				
11/17	\$96,111				
12/17	\$96,111				
1/18	\$96,111				
2/18	\$96,111				
3/18	\$96,111				
4/18	\$96,111				
5/18	\$96,111				
6/18	\$96,111				
7/18	\$96,111				
8/18	\$96,111				
9/18	\$96,111				
10/18	\$96,111				
11/18	\$96,111				
12/18	\$96,111				
1/19	\$66,113				
2/19		\$1,730,000			
3/19					
4/19					
5/19					
6/19					
7/19					
8/19					
9/19					
10/19					
11/19					
12/19					
1/20					
2/20					
3/20					
4/20					

PEOPLESOFT

Exhibit A1

Sources	Year 1	Year 2	Year 3	Year 4	Year 5	Total Costs
Financed Proceeds	2,889,686	2,123,050	-	-	-	5,012,736
Other Sources	-	-	-	-	-	-
Total Sources	2,889,686	2,123,050	-	-	-	5,012,736

Uses	Year 1	Year 2	Year 3	Year 4	Year 5	Total Costs
Itemized Project Budget						
Energov Software	150,000	-	-	-	-	150,000
Tyler Services	454,250	-	-	-	-	454,250
3rd Party Training	5,000	-	-	-	-	5,000
3rd Party Services	140,000	-	-	-	-	140,000
Project Management	110,377	-	-	-	-	110,377
Contingency	68,574	-	-	-	-	68,574
Hardware	120,000	-	-	-	-	120,000
Helpdesk License	150,000	-	-	-	-	150,000
Helpdesk Implementation	200,000	-	-	-	-	200,000
Helpdesk Hardware	50,000	-	-	-	-	50,000
Helpdesk Training	40,000	-	-	-	-	40,000
Helpdesk Reports	30,000	-	-	-	-	30,000
Helpdesk Integrations	20,000	-	-	-	-	20,000
Helpdesk Contingency	10,000	-	-	-	-	10,000
	-	-	-	-	-	-
Total Project Budget	1,548,201	-	-	-	-	1,548,201
Total Uses	1,548,201	-	-	-	-	1,548,201

ENERGOV

Exhibit A1

Sources	Year 1	Year 2	Year 3	Year 4	Year 5	Total Costs
Financed Proceeds	2,889,686	2,123,050	-	-	-	5,012,736
Other Sources	-	-	-	-	-	-
Total Sources	2,889,686	2,123,050	-	-	-	5,012,736

Uses	Year 1	Year 2	Year 3	Year 4	Year 5	Total Costs
Itemized Project Budget						
Energov Software	150,000	-	-	-	-	150,000
Tyler Services	454,250	-	-	-	-	454,250
3rd Party Training	5,000	-	-	-	-	5,000
3rd Party Services	140,000	-	-	-	-	140,000
Project Management	110,377	-	-	-	-	110,377
Contingency	68,574	-	-	-	-	68,574
Hardware	120,000	-	-	-	-	120,000
Helpdesk License	150,000	-	-	-	-	150,000
Helpdesk Implementation	200,000	-	-	-	-	200,000
Helpdesk Hardware	50,000	-	-	-	-	50,000
Helpdesk Training	40,000	-	-	-	-	40,000
Helpdesk Reports	30,000	-	-	-	-	30,000
Helpdesk Integrations	20,000	-	-	-	-	20,000
Helpdesk Contingency	10,000	-	-	-	-	10,000
	-	-	-	-	-	-
Total Project Budget	1,548,201	-	-	-	-	1,548,201
Total Uses	1,548,201	-	-	-	-	1,548,201

FUEL STATIONS

		Planned Monthly Expenditures			
Date	Amount				
5/16					
6/16					
7/16					
8/16					
9/16	\$1,950,000				
10/16					
11/16					
12/16					
1/17					
2/17					
3/17					
4/17					
5/17	1,640,000				
6/17					
7/17					
8/17					
9/17					
10/17					
11/17					
12/17					
1/18					
2/18					
3/18					
4/18					
5/18	1,084,000				
6/18					
7/18					
8/18					
9/18					
10/18					
11/18					
12/18					
1/19					
2/19					
3/19					
4/19					
5/19	67,000				
6/19					
7/19					
8/19					
9/19					
10/19					
11/19					
12/19					

RESOLUTION NO. 2544

RESOLUTION ACKNOWLEDGING THE REFUNDING AND REDEMPTION OF CERTAIN TAX-EXEMPT REVENUE BONDS (KANSAS CITY DOWNTOWN REDEVELOPMENT DISTRICT) SERIES 2005A (THE "SERIES 2005A BONDS") ISSUED BY THE AUTHORITY AND APPROVING AND AUTHORIZING CERTAIN DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH

WHEREAS, The Industrial Development Authority of the City of Kansas City, Missouri (the "Authority") is authorized and empowered under the provisions of the Industrial Development Corporations Act, Chapter 349 of the Missouri Revised Statutes, as amended (the "Act"), to purchase, construct, extend and improve certain projects (as defined in the Act) for the purposes set forth in the Act and to issue revenue bonds for the purpose of (i) providing funds to pay the costs of such projects and to lease, assign or sell such projects to others upon such terms and conditions as the Authority shall deem advisable, or (ii) loaning the proceeds from the sale of such bonds to others upon such terms and conditions as the Authority shall deem advisable to provide funds to pay the costs of such projects; and

WHEREAS, the Authority previously issued its Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A in the aggregate principal amount of \$115,015,000 (the "Series 2005A Bonds") to pay a portion of the costs of a downtown retail/entertainment district, together with necessary infrastructure improvements and the construction of public parking facilities within the retail/entertainment district (the "Kansas City Downtown Redevelopment District Project"); and

WHEREAS, on June 6, 2007, the Series 2005A Bonds were restructured and converted to a fixed rate of interest in the principal amount of \$114,915,000 pursuant to the Amended and Restated Indenture of Trust dated as of June 1, 2007 (the "Amended and Restated Indenture" and with additional amendments and supplements thereto, the "Indenture"); and

WHEREAS, the Authority has also issued its Tax-Exempt Refunding Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2011A (the "Series 2011A Bonds") pursuant to the Indenture to refund three other series of bonds issued in 2005 and 2006 to finance a portion of the costs of the Kansas City Downtown Redevelopment Project; and

WHEREAS, pursuant to the authority of the Downtown and Rural Economic Stimulus Act, Sections 99.915 to 99.1060, inclusive, of the Revised Statutes of Missouri, as amended (the "DESA Act"), the City Council of the City of Kansas City, Missouri (the "City") previously approved the formation of the Downtown Economic Stimulus Authority of Kansas City, Missouri ("DESA"), and determined that in order to implement a portion of the Kansas City Downtown Redevelopment District Project, the City would utilize the statutory powers, functions and duties of certain statutory authorities including DESA; and

WHEREAS, the proceeds of the Series 2005A Bonds were used solely for authorized Development Project Costs within the meaning of the DESA Act; and

WHEREAS, the City and DESA previously entered into an agreement which set forth their cooperative agreement regarding the funding of the repayment of the Series 2005A Bonds and the use of revenues available under the DESA Act ("DESA Revenues"); and

WHEREAS, the Indenture provides for the deposit of DESA Revenues into the DESA Revenue Account of the Revenue Fund to be used to pay debt service on the Series 2005A Bonds; and

WHEREAS, the City proposes to issue its Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the "Series 2017C Bonds"), to provide funds: (a) to refund all of the currently outstanding Series 2005A Bonds of the Authority (the "Refunded Series 2005A Bonds") and (b) to pay certain costs related to the issuance of the Series 2017C Bonds; and

WHEREAS, after the refunding of the Refunded Series 2005A Bonds, the Series 2011A Bonds will be the only bonds outstanding under the Indenture, and the DESA Revenues cannot be used to pay debt service on the Series 2011A Bonds; and

WHEREAS, the City has requested that the Indenture be further amended by a Fourth Supplemental Indenture between the Authority and the Trustee (the "Fourth Supplement Indenture") upon the refunding of the Refunded Series 2005A Bonds to remove DESA Revenues from the Indenture and allow the DESA Revenues to be transferred to the indenture under which the Series 2017C Bonds are being issued so that DESA Revenues can be used for payment of the Series 2017C Bonds;

WHEREAS, the Authority finds and determines that it is necessary and desirable in connection with the refunding of the Series 2005A Bonds and issuance of the Series 2017C Bonds that the Authority take certain actions, approve certain documents and prove certain notices as required under the Indenture as herein provided;

NOW, THEREFORE, BE IT RESOLVED BY BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF KANSAS CITY, MISSOURI, AS FOLLOWS:

Section 1. Authorization and Approval of Documents. The Fourth Supplemental Indenture is hereby approved. The Chairman, the President, any Vice President or the Executive Director of the Authority are hereby authorized and directed to execute and deliver the Fourth Supplemental Indenture and any other documents, including but not limited to any Supplemental Financing Agreement or other agreement with the City and any Notice of Redemption or other notice, reasonably required in connection with the amendment of the Indenture and the refunding and redemption of the Refunded Series 2005A Bonds.

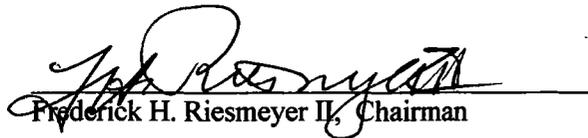
Section 2. Further Authority. The Authority shall, and the officers, agents and employees of the Authority are hereby authorized and directed to, take such further action, and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution and to carry out, comply with and perform the duties of the Authority with respect to this transaction.

Section 3. Effective Date. This Resolution shall take effect and be in full force immediately after its adoption by the Authority.

ADOPTED by the Board of Directors of The Industrial Development Authority of the City of Kansas City, Missouri this 15th day of February, 2017.

(SEAL)




Frederick H. Riesmeyer II, Chairman

ATTEST:



Heather Brown, Assistant Secretary

FOURTH SUPPLEMENTAL INDENTURE

by and between

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF KANSAS CITY,
MISSOURI**

and

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

Dated as of March 1, 2017

In Connection with the Defeasance of \$96,040,000

The Industrial Development Authority of the City of Kansas City, Missouri

Tax-Exempt Revenue Bonds

(Kansas City Downtown Redevelopment District)

Series 2005A

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FOURTH SUPPLEMENTAL INDENTURE

This FOURTH SUPPLEMENTAL INDENTURE (this “**Fourth Supplemental Indenture**”), made and entered into as of March 1, 2017, by and between THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF KANSAS CITY, MISSOURI, a public corporation duly organized and existing under the laws of the State of Missouri (the “**Issuer**”), and UMB BANK, N.A., a national banking association duly organized and existing and authorized to accept and execute trusts of the character herein set forth under the laws of the United States of America, and having its principal corporate trust office located in the City of Kansas City, Missouri, as trustee (the “**Trustee**”),

WITNESSETH:

WHEREAS, the Issuer is empowered by Chapter 349, Revised Statutes of Missouri, as supplemented and amended (the “**Act**”), to finance the acquisition, construction, improvement, renovation, equipping and extension of plants, buildings, structures or facilities used or to be used as a factory, assembly plant, manufacturing plant, processing plant, fabricating plant, distribution center, warehouse building, public facility, office buildings, for profit or not-for-profit hospitals, not-for-profit nursing or retirement facility or combination, physical fitness, recreational, indoor and resident outdoors facilities operated by not-for-profit organizations and commercial facilities, among others, within the City of Kansas City, Missouri, for the purposes set forth in the Act, to issue its revenue bonds for the purpose of financing the costs of any such project, to grant security for the payments of the principal of, premium, if any, and interest on any such bonds and any agreements made in connection therewith and to pledge the payments, revenues and receipts from such projects or from any other source to the payment of such bonds; and

WHEREAS, the City of Kansas City, Missouri (the “**City**”) is authorized under the Downtown and Rural Economic Stimulus Act, Sections 99.915 to 99.1060, inclusive, of the Revised Statutes of Missouri, as amended (the “**DESA Act**”), to approve development plans, establish a special allocation fund and pledge such fund to the repayment of obligations issued to finance such development plans; and

WHEREAS, the City Council of the City previously approved the formation of the Downtown Economic Stimulus Authority of Kansas City, Missouri (“**DESA**”) pursuant to the DESA Act; and

WHEREAS, after all proper notice was given, DESA held a public hearing and after receiving the comments of all interested persons and taxing districts with respect to the South Loop Downtown Economic Stimulus Plan (the “**DESA Plan**”), closed such public hearing on June 30, 2004, and adopted its Resolution No. 6-5-04 recommending to the City Council the approval of the DESA Plan and the Development Project described therein (the “**DESA Project**”); and

WHEREAS, the City Council of the City on July 1, 2004, by Committee Substitute for Ordinance No. 040722 approved the DESA Plan and the DESA Project; and

WHEREAS, the City is authorized under the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, inclusive, of the Revised Statutes of Missouri, as amended (the “**TIF Act**”), to approve redevelopment plans, establish a special allocation fund and pledge such fund to the repayment of obligations issued to finance such redevelopment plans; and

WHEREAS, after all proper notice was given, the Tax Increment Financing Commission of Kansas City, Missouri (the “**TIF Commission**”) held a public hearing and after receiving the comments of all interested persons and taxing districts with respect to the 1200 Main/South Loop Tax Increment Redevelopment Plan, closed such public hearing on January 14, 2004, adopted its Resolution No. 01-10-04 recommending to the City Council the approval of the 1200 Main/South Loop Tax Increment Financing Plan (the “**TIF Plan**,” together with the DESA Plan, the “**Redevelopment Plans**”); and

WHEREAS, the City Council of the City on March 4, 2004, by Ordinance No. 040154 approved the TIF Plan; and

WHEREAS, the City and Kansas City Live, LLC, a Maryland limited liability company (the “**Redeveloper**”), have entered into a Master Development Agreement, dated April 27, 2004, as thereafter amended from time to time (the “**Development Agreement**”), to implement the Redevelopment Plans through the joint efforts of the City, the Redeveloper, the TIF Commission and DESA; and

WHEREAS, the TIF Commission and DESA each approved the Development Agreement with the Redeveloper and each become party to the Development Agreement, the TIF Commission pursuant to a Joinder Agreement, dated as of December 15, 2004, by and among the City, the Redeveloper and the TIF Commission and DESA pursuant to a Joinder Agreement dated as of December 15, 2004, by and among the City, the Redeveloper and DESA; and

WHEREAS, the Director of the Missouri Department of Economic Development issued an Amended Certificate of Approval effective as of March 15, 2005, which approved funding for bonds to finance DESA Projects issued by the Issuer, the TIF Commission, the City or any other issuer for the purpose of financing Development Project Costs for the DESA Project; and

WHEREAS, the TIF Commission, DESA, the City and the Redeveloper agreed to implement, and have implemented, Project 1 of the TIF Plan and the DESA Project, which provide for the creation of a retail/entertainment district which may include restaurants, night clubs, bars, theaters, attractions, retail, residential and office components and relating parking and other improvements, together with necessary infrastructure improvements and the construction of public parking facilities within the retail/entertainment district (the “**Kansas City Downtown Redevelopment District Project**” or the “**Project**”); and

WHEREAS, pursuant to an Indenture of Trust, dated as of March 1, 2005 (the “**Original Indenture**”), the Issuer previously issued its Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A in the aggregate principal amount of \$115,015,000 (the “**Series 2005A Bonds**”) for the purpose of providing funds to (i) pay the costs of the Series 2005A Project (as defined in the Original Indenture and in the herein-defined Amended and Restated Indenture), (ii) pay capitalized interest on the Series 2005A Bonds and (iii) pay the bond insurance premium and certain costs of issuance of the Series 2005A Bonds, and its Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005B in the aggregate principal amount of \$64,985,000 (the “**Series 2005B Bonds**”) for the purpose of providing funds to (i) pay the costs of the Series 2005B Project (as defined in the Original Indenture and in the herein-defined Amended and Restated Indenture), (ii) pay capitalized interest on the Series 2005B Bonds and (iii) pay the bond insurance premium and certain costs of issuance of the Series 2005B Bonds (the Series 2005A Bonds and the Series 2005B Bonds are referred to herein collectively as the “**Series 2005 Bonds**”); and

WHEREAS, pursuant to the Original Indenture as amended and supplemented by a First Supplemental Indenture of Trust, dated as of July 1, 2006 (the “**First Supplemental Indenture**”), the Issuer previously issued its Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2006A (the “**Series 2006A Bonds**”) in the aggregate principal amount of \$69,500,000 for the purpose of providing funds to (i) pay the costs of the Series 2006A Project (as defined in the Supplemental Indenture and in the herein-defined Amended and Restated Indenture), (ii) pay capitalized interest on the Series 2006A Bonds and (iii) pay the bond insurance premium and certain costs of issuance of the Series 2006A Bonds, and its Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2006B in the aggregate principal amount of \$45,500,000 (the “**Series 2006B Bonds**”) for the purpose of providing funds to (i) pay the costs of the Series 2006B Project (as defined in the Supplemental Indenture and in the herein-defined Amended and Restated

Indenture), (ii) pay capitalized interest on the Series 2006B Bonds, and (iii) pay the bond insurance premium and certain costs of issuance of the Series 2006B Bonds (the Series 2006A Bonds and the Series 2006B Bonds are referred to herein collectively as the “**Series 2006 Bonds**”); and

WHEREAS, the 1200 Main/South Loop Transportation Development District (the “**TDD**”) was formed by order of the Circuit Court of Jackson County on December 12, 2006 in accordance with the provisions of the Missouri Transportation Development District Act, Sections 238.200 to 238.275, inclusive, of the Revised Statutes of Missouri, as amended (the “**TDD Act**”); and

WHEREAS, in order to set forth the terms of their respective rights, duties and obligations, the City previously entered into (i) a Cooperative Agreement dated as of March 1, 2005 (the “**TIF Cooperative Agreement**”) by and between the City and the TIF Commission with respect to the TIF Revenues as described therein, (ii) a Cooperative Agreement dated as of March 1, 2005 (the “**DESA Cooperative Agreement**”) by and between the City and DESA with respect to the DESA Revenues as described therein, and (iii) an Intergovernmental Agreement dated as of August 26, 2008 (the “**TDD Cooperative Agreement**”) by and between the City and the TDD with respect to the TDD Revenues as described therein (the TIF Cooperative Agreement, the DESA Cooperative Agreement and the TDD Cooperative Agreement, collectively, the “**Cooperative Agreements**”) which set forth their roles and responsibilities in connection with the implementation of the Project and the payment of debt service on the applicable series of bonds issued to finance the Project; and

WHEREAS, the Issuer and the City previously entered into a Financing Agreement dated as of March 1, 2005 (the “**2005 Financing Agreement**”) pursuant to which the City assigned its rights under the Cooperative Agreements, and other credit enhancement documents related to the Series 2005 Bonds and agreed, subject to annual appropriation, to make additional payments if necessary to pay debt service on the Series 2005 Bonds; and

WHEREAS, the Issuer and the City previously entered into a Financing Agreement dated as of June 1, 2006 (the “**2006 Financing Agreement**” and collectively with the 2005 Financing Agreement and the supplements thereto, the “**Financing Agreement**”), pursuant to which the City ratified its prior assignment of the Cooperative Agreements and other credit enhancement documents and agreed, subject to annual appropriation, to make additional payments if necessary to pay debt service on the Series 2006 Bonds; and

WHEREAS, the Issuer, at the request of the City, amended the Original Indenture and the First Supplemental Indenture pursuant to the Amended and Restated Indenture of Trust dated as of June 1, 2007 (the “**Amended and Restated Indenture**” and with the herein-described amendments and supplements, the “**Indenture**”) to facilitate a restructuring of the Series 2005A Bonds, the Series 2005B Bonds, the Series 2006A Bonds and the Series 2006B Bonds; and

WHEREAS, the Series 2005A Bonds were restructured and converted to a fixed rate of interest in the principal amount of \$114,915,000 pursuant to the Series 2005A Series Supplement dated June 6, 2007 (the “**Series Supplement**”); and

WHEREAS, on March 25, 2009, pursuant to the terms and provisions of the Second Supplemental Indenture dated as of March 1, 2009 (the “**Second Supplemental Indenture**”) by and between the Issuer and the Trustee, the Series 2005B Bonds were reissued in the aggregate principal amount of \$64,985,000, the Series 2006A Bonds were reissued in the aggregate principal amount of \$69,500,000 and the Series 2006B Bonds were reissued in the principal amount of \$46,135,000; and

WHEREAS, the Issuer issued its Tax-Exempt Refunding Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2011A (the “**Series 2011A Bonds**”) to refund the Series 2005B Bonds, the Series 2006A Bonds and the Series 2006B Bonds, and the Series 2011A Bonds were issued in a fixed interest rate pursuant to the terms and provisions of the Third Supplemental Indenture dated as of June 1, 2011 (the “**Third Supplemental Indenture**”); and

WHEREAS, all of the 2005 Projects and 2006 Projects were eligible projects under the TIF Act, the project costs of which are payable from TIF Revenues, so that TIF Revenues received under the TIF Cooperative Agreement may be used to pay debt service on all bonds issued to finance the Project, including both the Series 2005A Bonds and the Series 2011A Bonds prior to the effective date of this Fourth Supplemental Indenture, subject in all respects to the provisions of the Indenture; and

WHEREAS, the 2006B Project included public improvements authorized under the TDD Act, the project costs of which are payable from TDD Revenues, so that TDD Revenues received under the TDD Cooperative Agreement may only be used to pay debt service on the Series 2006B Portion of Debt Service, as defined in the Third Supplemental Indenture; and

WHEREAS, the Series 2005A Project included DESA Plan Costs (as defined in the Indenture) authorized under the DESA Act, the project costs of which are payable from DESA Revenues, so that DESA Revenues received under the DESA Cooperative Agreement may only be used to pay debt service on the Series 2005A Bonds, and may not be used to pay debt service on the Series 2011A Bonds; and

WHEREAS, the City intends to issue its Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), Series 2017C (the “**Series 2017C Bonds**”) to refund all Outstanding Series 2005A Bonds (the “**Refunded Bonds**”) pursuant to the terms of a Trust Indenture dated as of March 1, 2017, by and between the City and UMB Bank, N.A., as trustee; and

WHEREAS, the Indenture provides for the deposit of DESA Revenues into the DESA Revenue Account of the Revenue Fund to be used to pay debt service on the Series 2005A Bonds; and

WHEREAS, inasmuch as DESA Revenues can only be used to pay DESA Plan Costs financed with proceeds of the Series 2005A Bonds, including the payment of debt service on the bonds issued to finance the Series 2005A Project, which to date have only been the Series 2005A Bonds, and inasmuch as the Series 2005A Bonds will be refunded in their entirety by the Series 2017C Bonds, the City wishes to terminate its assignment of the DESA Cooperative Agreement to the Issuer and to use the DESA Revenues to pay debt service on the Series 2017C Bonds, which will require an amendment of the Indenture to remove the DESA Revenues from the stream of revenues available to pay debt service on the Bonds (as defined in the Amended and Restated Indenture prior to the effective date of this Fourth Supplemental Indenture), to eliminate the references to the deposit of DESA Revenues into the DESA Revenue Account of the Revenue Fund and to eliminate the possibility of the issuance of DESA-Qualified Additional Bonds (as defined in the Amended and Restated Indenture prior to the effective date of this Fourth Supplemental Indenture); and

WHEREAS, since DESA Revenues have never been applied to pay debt service on the Series 2011A Bonds nor the Series 2005B Bonds, Series 2006A Bonds and Series 2006B Bonds refunded by the Series 2011 Bonds, nor can DESA Revenues ever be used to pay debt service on the Series 2011A Bonds in the future, the removal of DESA Revenues from the stream of revenues available to pay debt service on the Bonds will have no impact upon the Series 2011A Bonds or the owners thereof; and

WHEREAS, the City and the Trustee have entered into the Escrow Trust Agreement dated as of March 1, 2017 (the “**Escrow Agreement**”), pursuant to which an irrevocable escrow for the payment of debt service on the Refunded Bonds has been established; and

WHEREAS, **Section 1001(j)** of the Indenture provides in pertinent part, as to Supplemental Indentures without the consent of the owners of any Bonds, that “the Issuer and the Trustee may from time to time enter into one or more Supplemental Indentures” for the following purpose: “to cure any ambiguity, to correct or supplement any provision in this Indenture which may be inconsistent with any other provision herein or to make any other change, with respect to matters or questions arising under this Indenture, which shall not be inconsistent with the provisions of this Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds (in making such determination, the Trustee may rely conclusively upon an opinion of Counsel);” and

WHEREAS, DESA Revenues will continue to be used to pay for costs of the Series 2005A Project after the effective date of this Fourth Supplemental Indenture because DESA Revenues will be used to pay debt service on the Series 2017C Bonds issued to refund the Series 2005A Bonds, and the use of such DESA Revenues to pay the same Series 2005A Project costs before and after the effective date of this Fourth Supplemental Indenture is not inconsistent with the provisions of the Indenture; and

WHEREAS, there will be no material adverse effect on the owners of the Bonds by the removal of DESA Revenues from the stream of revenues available to pay debt service on the Bonds from and after the effective date of this Fourth Supplemental Indenture because the Series 2005A Bonds have been refunded in their entirety as of such effective date and an irrevocable escrow for the payment of debt service on the Refunded Bonds has been established pursuant to the Escrow Agreement, and the Series 2011A Bonds are not payable from DESA Revenues, so the conditions of **Section 1001(j)** of the Indenture for this amendment are satisfied; and

WHEREAS, **Section 1002** of the Amended and Restated Indenture provides in pertinent part, as to Supplemental Indentures with the consent of the owners of any Bonds, that “the Issuer and the Trustee may from time to time enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the owners of the Bonds under this Indenture; provided, however, that no such Supplemental Indenture 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, any Bond, 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, any Bond, 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); (b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such Supplemental Indenture, or the consent of whose owners is required for any waiver provided for in this Indenture of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences; (c) modify the obligation of the Issuer to make payment on or provide funds for the payment of any Bond or eliminate the holders’ rights to optionally tender the Floating Rate Bonds, or extend the due date for the purchase of Floating Rate Bonds optionally tendered by the holders thereof or reduce the purchase price of such Floating Rate Bonds; (d) modify or alter the provisions of the proviso to the definition of the term “Outstanding”; (e) modify any of the provisions of this Section, except to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or (f) permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any of the Trust Estate or terminate the lien of this Indenture on any property at any time subject hereto or deprive the owner of any Bond of the security afforded by the lien of this Indenture. The Trustee may in its discretion

determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered hereunder; provided that in making such determination, the Trustee shall not take into consideration the Bond Insurance Policy. The Trustee shall not be liable for any such determination made in good faith, and may rely conclusively upon an opinion of Counsel in making such determination;” and

WHEREAS, there will be no material adverse effect on the owners of the Bonds by the removal of DESA Revenues from the stream of revenues available to pay debt service on the Bonds from and after the effective date of this Fourth Supplemental Indenture because the Series 2005A Bonds have been refunded in their entirety as of such effective date and an irrevocable escrow for the payment of debt service on the Refunded Bonds has been established pursuant to the Escrow Agreement, and the Series 2011A Bonds are not payable from DESA Revenues; and

WHEREAS, consent of affected Bondowners for the amendment of the Indenture by this Fourth Supplemental Indenture to effect the removal of DESA Revenues from the stream of revenues available to pay debt service on the Bonds from and after the effective date of this Fourth Supplemental Indenture is not required because no Bondowner will be affected, since the Series 2005A Bonds have been refunded in their entirety as of such effective date and an irrevocable escrow for the payment of debt service on the Refunded Bonds has been established pursuant to the Escrow Agreement so that the Series 2005A Bonds are no longer Outstanding under the Indenture, and the owners of the Series 2011A Bonds are not affected because the Series 2011A Bonds are not payable from DESA Revenues and therefore the conditions of **Section 1001(j)** of the Indenture for this amendment of the Indenture are satisfied; and

WHEREAS, consent of the Bond Insurer for the amendment of the Indenture by this Fourth Supplemental Indenture is not required because as of the effective date there are no Bonds Outstanding under the Indenture that are secured by the Bond Insurance Policy issued by the Bond Insurer; and

WHEREAS, the Issuer and the Trustee propose to enter into this Fourth Supplemental Indenture to facilitate the issuance of the Series 2017C Bonds and to recognize the Defeasance of the Series 2005A Bonds, as defined herein;

NOW, THEREFORE, THIS FOURTH SUPPLEMENTAL INDENTURE WITNESSETH, that in consideration of the premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer and the Trustee agree for the benefit of the Bondholders, as follows:

ARTICLE I DEFINITIONS

Section 101. Definitions. Capitalized words and terms used but not defined herein shall have the same meanings as such terms are given in Section 101 of the Amended and Restated Indenture, as amended and supplemented. All words and terms used herein shall be construed as provided for in Sections 101 and 102 of the Amended and Restated Indenture, as amended and supplemented. Terms redefined in this Fourth Supplemental Indenture include the definition of Bonds, Cooperative Agreements, Fund, Indenture and Special Allocation Fund. In addition to words and terms defined in the Indenture, the capitalized terms used in this Fourth Supplemental Indenture shall have the following meanings:

“**Bonds**” means collectively, the Issuer’s Tax-Exempt Refunding Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2011A issued in the original aggregate principal amount of \$177,530,000, and any Additional Bonds issued, authenticated and delivered under and pursuant to this Indenture. After the Defeasance of the Series 2005A Bonds, the term Bonds shall no longer include the Series 2005A Bonds.

“Cooperative Agreements” means (i) the Cooperative Agreement dated as of March 1, 2005, by and between the City and the TIF Commission and (ii) the Intergovernmental Agreement dated as of August 26, 2008, by and between the City and the TDD. After the Defeasance of the Series 2005A Bonds, the term Cooperative Agreements shall no longer include the Cooperative Agreement entered into by and between the City and DESA as amended by the First Supplemental Cooperative Agreement.

“Defeasance of the Series 2005A Bonds” means the defeasance of the Series 2005A effectuated in accordance with the procedures set forth in Article XI of this Indenture through the issuance by the City of its Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C.

“Escrow Agreement” means the Escrow Trust Agreement dated as of March 1, 2017 by and between the City and the Trustee.

“Fourth Supplemental Indenture” means this Fourth Supplemental Indenture by and between the Issuer and the Trustee, dated as of March 1, 2017.

“Fund” means (as to Bonds in a Fixed Interest Rate Period) any of the Revenue Fund, including for each Series of Bonds a TIF Revenues Account and a City Revenue Account (and for the Series 2006B Portion of Debt Service, a TDD Revenues Account); the Project Fund containing separate accounts for each Series of Bonds; the Costs of Issuance Fund, containing separate accounts for each Series of Bonds; the Bond Fund, including for each Series of Bonds a Bond Account and a Redemption Account; the Capitalized Interest Fund, containing separate accounts for each Series of Bonds and the Rebate Fund. After the Defeasance of the Series 2005A Bonds there will no longer be a DESA Revenues Account in the Revenue Fund.

“Indenture” means, collectively, the Amended and Restated Indenture, the Series Supplement, the Second Supplemental Indenture, the Third Supplemental Indenture, this Fourth Supplemental Indenture and any additional Supplemental Indenture.

“Refunded Bonds” means the Issuer’s Outstanding Series 2005A Bonds.

“Refunding Date” means the date of issuance of the Series 2017C Bonds, which shall be the Dated Date of the Series 2017C Bonds.

“Series 2005A Bonds” means Issuer’s Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A Bonds issued in the original aggregate principal amount of \$115,015,000, which after the Fixed Rate Conversion Date were designated Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A, and reissued in the aggregate principal amount of \$114,915,000.

“Series 2017C Bonds” means the City of Kansas City, Missouri, Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C issued for the purpose of refunding the Series 2005A Bonds.

“Special Allocation Funds” means, upon the Defeasance of the Series 2005A Bonds, the TIF Special Allocation Fund.

ARTICLE II

AMENDMENTS TO INDENTURE

Section 201. Amendment of Section 210 of the Indenture.

Authorization of Additional Bonds. Pursuant to this Fourth Supplemental Indenture and upon the Defeasance of the Series 2005A Bonds, **Section 210** of the Amended and Restated Indenture is deleted in its entirety and replaced with the following:

Section 210. Authorization of Additional Bonds. Additional Bonds may be issued under and equally and ratably secured by this Indenture on a parity with any or all Series of Bonds, provided however, that TDD Revenues are to be used only for repayment of TDD-Qualified Additional Bonds. Except as otherwise provided in this Section, such Additional Bonds may be issued only at the written direction of the City at any time and from time to time, upon compliance with the conditions set forth in this Section for any purpose authorized under the Act. Additional Bonds issued pursuant to this Section shall be covered by any Bond Insurance Policy, if any, or Liquidity Facility, if any, identified in the Supplemental Indenture authorizing such Additional Bonds.

Before any Additional Bonds are issued under the provisions of this Section, the Issuer shall adopt a resolution (1) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof and describing the purpose or purposes for which such Additional Bonds are being issued, (2) authorizing the Issuer to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such Series of Bonds and the form of the Bonds of such Series, which Supplemental Indenture shall establish separate Accounts in each of the accounts of the Bond Purchase Fund for such Additional Bonds, (3) authorizing the Issuer to enter into a Supplemental Financing Agreement with the City, the Trustee and any other applicable parties, with the City, the Trustee and any other applicable parties, if deemed advisable, to provide for additional Debt Service Payments at least sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds and Additional Bonds then to be Outstanding (including the Additional Bonds to be issued) as the same become due, and (4) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the Issuer, are not prejudicial to the Issuer or the owners of the Bonds previously issued.

Such Additional Bonds shall have the same general title as the Bonds, except for an identifying series letter or date, and shall be dated, shall mature on such dates, shall be in such denominations, shall be numbered, shall bear interest at such rates not exceeding the maximum rate then permitted by law payable at such times, and shall be redeemable at such times and prices (subject to the provisions of **Article IV** of this Indenture), all as provided by the Supplemental Indenture authorizing the issuance of such Additional Bonds. Except as to any difference in the date, the maturities, denominations, the rates of interest or the provisions for redemption, such Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of this Indenture as the Bonds and any other Additional Bonds, (except with respect to the Bond Insurance Policy, which secures only the respective Series of Bonds and except with respect to the Liquidity Facility which is only for the benefit of the respective Series of Bonds), and, unless the Bond Insurer shall consent otherwise, and then only upon such terms and conditions as it may require.

Such Additional Bonds shall be executed in the manner set forth in **Section 203** hereof and shall be deposited with the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of such Additional Bonds by the Trustee, and as a condition precedent thereto, there shall be filed with the Trustee the following:

(a) A copy, certified as true and correct by the secretary or assistant secretary of the Issuer, of the resolution adopted by the Issuer authorizing the issuance of such Additional Bonds and the execution of the Supplemental Indenture, Supplemental Financing Agreement and supplements to any other Financing Documents as may be necessary.

(b) A copy, certified as true and correct by the clerk of the City, of the Ordinance adopted by the City authorizing the issuance of such Additional Bonds and the execution of the Supplemental Indenture, Supplemental Financing Agreement and supplements to any other Financing Documents as may be necessary.

(c) An original executed counterpart of the Supplemental Indenture, executed by the Issuer and the Trustee, authorizing the issuance of the Additional Bonds, specifying, among other things, the terms thereof and as security for the Additional Bonds and providing for the disposition of the proceeds of such loan and the Supplemental Financing Agreement.

(d) An original executed counterpart of the Supplemental Financing Agreement, if any, executed by the Issuer and the City, and any other applicable parties thereto, specifying, among other things, the principal amount, rate of interest, maturity, terms of optional prepayment, if any.

(e) A certificate from a City Representative stating that (1) no event of default on the part of the City under the Financing Documents has occurred and is continuing and that no event has occurred and is continuing which with the lapse of time or giving of notice, or both, would constitute such an event of default, and (2) stating the purpose or purposes for which such Additional Bonds are being issued.

(f) A certificate from an Issuer Representative stating that (1) no event of default on the part of the City under the Financing Documents has occurred and is continuing and that no event has occurred and is continuing which with the lapse of time or giving of notice, or both, would constitute such an event of default, and (2) stating the purpose or purposes for which such Additional Bonds are being issued.

(g) A request and authorization to the Trustee, on behalf of the Issuer, executed by an Issuer Representative, to authenticate the Additional Bonds and deliver such Additional Bonds to the purchasers therein identified upon payment to the Trustee, for the account of the Issuer, of the purchase price thereof, as therein specified. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amounts of such purchase price.

(h) An Opinion of Co-Bond Counsel addressed to the Issuer and the Trustee to the effect that all requirements for the issuance of such Additional Bonds have been met.

(i) The written consent of the Bond Insurer and the Liquidity Facility Provider, if applicable.

(j) The receipt by the Trustee of a Liquidity Facility applicable to such Additional Bonds if required by the terms of this Indenture, as amended by the Supplemental Indenture authorizing such Additional Bonds, which includes separate draw instructions applicable to such Additional Bonds.

(k) An additional or supplemental Tender Agent Agreement, if applicable, attributable to the Additional Bonds.

(l) The receipt by the Trustee of a Bond Insurance Policy applicable to such Additional Bonds if required by the terms of this Indenture, as amended by the Supplemental Indenture authorizing such Additional Bonds.

(m) Such other certificates, statements, receipts and documents required by any of the Financing Documents or as Co-Bond Counsel, the Issuer or the City shall reasonably require for the delivery of the Additional Bonds.

When the documents specified above have been filed with the Trustee, and when such Additional Bonds have been executed and authenticated as required by this Indenture, the Trustee shall deliver such Additional Bonds to or upon the order of the purchasers thereof, but only upon payment to the Trustee of the purchase price of such Additional Bonds, as specified in the request and authorization of the Issuer. The proceeds of the sale of such Additional Bonds, including accrued interest and premium thereon, if any, shall be immediately paid over to the Trustee and shall be deposited and applied by the Trustee as provided in **Article IV** hereof and in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

To be designated as TDD-Qualified Additional Bonds, the proceeds of Additional Bonds must be used to finance an eligible project under the Missouri Transportation District Development Act.

After the Defeasance of the Series 2005A Bonds, DESA-Qualified Additional Bonds cannot be issued under this Indenture.

Section 202. Amendment of Section 509 of the Indenture.

Revenue Fund. Pursuant to this Fourth Supplemental Indenture and upon the Defeasance of the Series 2005A Bonds, **Section 509** of the Amended and Restated Indenture is deleted in its entirety and replaced with the following:

“Section 509. Revenue Fund.

(a) The City shall transfer, or cause to be transferred, all TIF Revenues, Super TIF Revenues, City Revenues and TDD Revenues, if any, to the Trustee for deposit into the Revenue Fund in accordance with **Section 3.3** or **Section 3.4** of the Financing Agreement, as applicable. All TIF Revenues designated as such to the Trustee and transferred to the Trustee shall be deposited in the TIF Revenues Account of the Revenue Fund. All Super TIF Revenues and funds appropriated by the City from generally available funds of the City (which are not TIF Revenues) designated as such to the Trustee and transferred to the Trustee shall be deposited in the City Revenue Account of the Revenue Fund. All TDD Revenues designated as such to the Trustee shall be deposited in the TDD Revenues Account of the Revenue Fund.

(b) Moneys in the Revenue Fund (drawing first from the TDD Revenue Account for transfer only to the Series 2011A Bond Account of the Bond Fund not in excess of the Series 2006B

Portion of Debt Service, second from the TIF Revenues Account and third from the City Revenue Account) shall be applied by the Trustee for the first two purposes listed below on the third Business Day preceding each Interest Payment Date (except as otherwise provided below), and on the first Business Day preceding each Principal Payment Date, or any other appropriate Business Day upon instructions from the City, for the remaining purposes and in the amounts as follows:

First, after the use of moneys on deposit in the respective Capitalized Interest Accounts, an amount sufficient to pay the principal of and interest becoming due and payable, whether by stated maturity or mandatory sinking fund redemption, on the respective Series of Bonds if and to the extent that the funds then on deposit in the respective Bond Accounts are insufficient to pay the principal of and premium, if any, and interest on the respective Series of Bonds on the next succeeding Interest Payment Date;

Second, to the Trustee or any Paying Agent, an amount sufficient for payment of any reasonable fees and expenses which are due and owing to the Trustee or any Paying Agent, upon delivery to the Issuer of an invoice for such amounts, any surveillance fees of the Rating Agencies and any other fees and expenses of the City incurred in connection with the Bonds, provided, however, that no funds withdrawn from the TDD Revenue Account may be used to pay any expenses except to the extent attributable to the Series 2006B Portion of Debt Service;

Third, to the TIF Commission, an amount the City notifies the Trustee is sufficient to reimburse the TIF Commission for its reasonable administrative and professional service fees, costs and expenses (including staff time) in connection with the performance of its obligations under the TIF Plan and the Redevelopment Agreement, upon delivery to the Trustee of a written request of the City (which may be accompanied by an invoice for such amounts) stating that such payment is permitted under the TIF Act, provided, however, that no funds withdrawn from the TDD Revenues Account may be used to pay any such expenses;

Fourth, to the City, an amount the City notifies the Trustee is sufficient to reimburse the City for its reasonable administrative and professional service fees, costs and expenses (including staff time) in connection with the performance of its obligations under the Redevelopment Plans, and to reimburse the City for City Revenues advanced to pay debt service on the Bonds, including the Series 2005A Bonds, Series 2005B Bonds, Series 2006A Bonds, Series 2006B Bonds and Series 2011A Bonds, and any Additional Bonds, upon delivery to the Trustee of a written request of the City (which may be accompanied by an invoice for such amounts) provided, however, that no funds withdrawn from the TDD Revenue Account may be used to pay any such expenses except to the extent attributable to the Series 2006B Bonds or the Series 2006B Portion of Debt Service on the Series 2011A Bonds; and

Fifth, upon direction from the City and at its sole discretion, to the extent the surplus is attributable to TDD Revenues to the Series 2011A Redemption Account to be applied to the redemption of Series 2011A Bonds attributable to the Series 2006B Portion of Debt Service, and all other excess amounts on deposit in the TIF Revenues Account and/or the City Revenues Account may be deposited to any Redemption Account for any Series of Bonds as so directed by the City, and thereafter used to redeem the related Series of Bonds in whole or in part pursuant to **Section 401(a)** hereof.

(c) Upon the payment in full of the principal of and interest on the Bonds (or provision has been made for the payment thereof as specified in the Indenture) and the reasonable fees, charges and expenses of the Trustee and any Paying Agent and any amounts due the Bond Insurer and any other amounts required to be paid under the Indenture, all amounts remaining on deposit in the TIF Revenues Account of the Revenue Fund shall be paid to the City for deposit into the TIF Special Allocation Fund; all amounts remaining on deposit in the City Revenue Account of the Revenue Fund shall be paid to the City.”

ARTICLE III

MISCELLANEOUS

Section 301. Effective Date of This Amendment. This Fourth Supplemental Indenture shall become effective upon the Defeasance of the Series 2005A Bonds.

Section 302. Amended and Restated Indenture in Effect. Except as expressly amended and supplemented by this Fourth Supplemental Indenture, the Amended and Restated Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture shall remain in full force and effect, without impairment or modification.

Section 303. Execution in Counterparts. This Fourth Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 304. Transaction Conducted by Electronic Means. The transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed 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.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, The Industrial Development Authority of the City of Kansas City, Missouri has caused this Fourth Supplemental Indenture to be signed in its name and behalf by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, all as of the day first above written.

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF KANSAS CITY, MISSOURI



By: *Frederick H. Riesmeyer II*
Frederick H. Riesmeyer II, Chairman

(SEAL)

ATTEST:

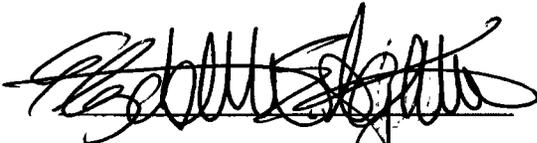
Heather A. Brown
Heather A. Brown, Secretary

IN WITNESS WHEREOF, to evidence its acceptance of the trust hereby created, UMB Bank, N.A. has caused this Fourth Supplemental Indenture to be signed in its name and on its behalf by one of its duly authorized officers and its corporate seal to be hereunto affixed and attested by one of its duly authorized officers, all as of the day first above written.

UMB BANK N.A., as Trustee

By: *Dana Stevens*

ATTEST:


Assistant Secretary

AUTHORITY’S CLOSING CERTIFICATE

The Industrial Development Authority of the City of Kansas City, Missouri (the “Authority”), does hereby certify in connection with the issuance by the City of Kansas City (the “City”) of its \$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the “Series 2017C Bonds”) to refund the Authority’s Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A (the “Refunded Series 2005A Bonds”) and \$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D (the “Series 2017D Bonds”) to refund the Authority’s Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri - Uptown Theater and Midtown Redevelopment Projects) Series 2007 maturing in the years 2018 through 2022 (the “Refunded Series 2007A Bonds), that it is a public corporation duly organized and validly existing under the laws of the State of Missouri and does further certify as follows:

1. **Members and Officers.** The following persons were and are the duly qualified and acting members and officers of the Authority since at least February 15, 2017, to and including the date hereof:

<u>Name</u>	<u>Title</u>
Frederick Riesmeyer	Chairman and Member
Ricardo Lopez	President and Member
M. Elizabeth Fast	Vice President, Secretary, Treasurer and Member
Aaron Berger	Vice President and Member
Heather A Brown	Executive Director, Assistant Secretary
Jesse Cruper	Member
Jon Otto	Member

There is one vacancy on the Authority.

2. **Meetings.** At least twenty-four hours prior to the commencement of each of the meetings referred to in paragraph 3 hereof notice of the meeting was made available to any representative of the news media who requested it and was posted on a bulletin board or other prominent place that is easily accessible to the public and clearly designated for that purpose at the principal office of the Authority and at the site of the meeting. Said meetings were open to the public and every reasonable effort was made to grant special access to said meeting to handicapped or disabled persons.

Notice of the meetings of the Authority at which the Resolutions were adopted was given in accordance with the Bylaws of the Authority, including the sending of such notices by mail to each member of the Authority, each of said notices being deposited in the United States mail ten days or more before the applicable meeting.

3. **Resolutions.** Attached hereto as Exhibit A is a true, complete and correct copy (other than any attachments or exhibits thereto) of a resolution (the “Series 2005A Resolution”) relating to the refunding of the Refunded Series 2005A Bonds and authorizing and approving the execution of the Authority Documents as defined and enumerated in Paragraph 4 hereof which was duly adopted by the

Authority at the meeting of the Authority held on February 15, 2017. Also attached hereto as Exhibit B is a true, complete and correct copy (other than any attachments or exhibits thereto) of a resolution (the “Series 2007A Resolution” and with the Series 2005A Resolution, the “Resolutions”) relating to the refunding of the Refunded Series 2007A Bonds. The Resolutions are in full force and effect and the Resolutions and the Authority Documents (as hereinafter defined) in the forms as originally adopted or executed, as the case may be, have not been altered, amended or repealed as of the date hereof.

4. **Authority Documents.** The following described instruments, as executed and delivered by the Chairman, President or the Vice President and the Secretary or the Assistant Secretary of the Authority, are in substantially the same form and text as the copies of such instruments which were before and approved by the Authority at its February 15, 2017 meeting referred to in paragraph 3 above, and such instruments as executed and delivered have not been modified, amended or repealed:

<u>Instrument</u>	<u>Date</u>	<u>Other Party or Parties</u>
Fourth Supplemental Trust Indenture (the “Fourth Supplemental Indenture”)	March 1, 2017	UMB Bank, N.A., as Bond Trustee (the “Trustee”)

The Fourth Supplemental Indenture and any other agreement or document entered by the Authority in connection with the refunding of the Series 2005A Bonds and the refunding of the Series 2007A Bonds are sometimes collectively referred to herein as the “Authority Documents.”

5. **Signatures.** The signatures of the Chairman, the President, or Vice President and the Secretary or the Assistant Secretary affixed to the Authority Documents are the true and correct signatures of such officers of the Authority.

6. **Execution of Documents.** Frederick Riesmeyer is the duly elected or appointed Chairman, Heather Brown is the duly elected or appointed Executive Director and Assistant Secretary and Elizabeth Fast is the duly elected or appointed Secretary of the Authority. As such officers, the Chairman or Executive Director has manually executed and the Secretary or Assistant Secretary has attested on behalf of the Authority, the Authority Documents.

7. **All Necessary Action.** The Authority has duly authorized, by all necessary action, the execution, issuance and delivery of the Bonds, and the execution, delivery, receipt and due performance of the Authority Documents and any and all such other agreements and documents as may be reasonably required to be executed, delivered and received by the Authority in order to carry out, give effect to and consummate the transactions contemplated by the Authority Documents and the Resolutions. The Authority Documents, as executed and delivered, constitute legal, valid and binding obligations of the Authority enforceable against it in accordance with their respective terms (except insofar as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws or equitable principles of general application affecting the rights and remedies of creditors and secured parties.

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IN WITNESS WHEREOF, we have hereunto set our hands and affixed the seal of The Industrial Development Authority of the City of Kansas City, Missouri this 2 day of March, 2017.

**THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE CITY OF KANSAS
CITY**

(SEAL)



ATTEST:

By *F. Riesmeyer*
Name: Frederick Riesmeyer
Title: Chairman

By

Heather Brown
Name: *Assistant*
Title: Heather Brown, Secretary

RESOLUTION NO. 3-3-17

RESOLUTION OF THE DOWNTOWN ECONOMIC STIMULUS AUTHORITY OF KANSAS CITY, MISSOURI AUTHORIZING THE EXECUTION OF A FIRST SUPPLEMENT TO COOPERATIVE AGREEMENT WITH THE CITY OF KANSAS CITY, IN CONNECTION WITH THE ISSUANCE OF DELIVERY OF SPECIAL OBLIGATION REFUNDING BONDS

WHEREAS, the City of Kansas City, Missouri, a constitutional charter city of the State of Missouri (the "City"), is authorized under the Downtown and Rural Economic Stimulus Act, Sections 99.915 to 99.1060, inclusive, of the Revised Statutes of Missouri, as amended (the "DESA Act"), to approve development plans, establish a special allocation fund and pledge such fund to the repayment of obligations issued to finance such development plans; and

WHEREAS, the City Council of the City approved the formation of the Downtown Economic Stimulus Authority of Kansas City, Missouri, a downtown economic stimulus authority and public body corporate and politic, exercising public and essential governmental functions ("DESA") pursuant to the DESA Act; and

WHEREAS, the City and Kansas City Live, LLC, a Maryland limited liability company (the "Redeveloper"), entered into a Master Development Agreement, dated April 27, 2004, as thereafter amended from time to time (the "Development Agreement"), for the redevelopment of the southern portion of the loop portion of downtown Kansas City, Missouri, into a retail/entertainment district which includes restaurants, night clubs, bars, theaters, attractions, retail, residential and office components and relating parking and other improvements, together with infrastructure improvements and the construction of public parking facilities within the retail/entertainment district (the "Kansas City Downtown Redevelopment District Project"); and

WHEREAS, the City determined that in order to implement a portion of the Kansas City Downtown Redevelopment District Project as provided in the Development Agreement, it would utilize the statutory powers, functions and duties of certain statutory authorities, including DESA; and

WHEREAS, after all proper notice was given, DESA held a public hearing and after receiving the comments of all interested persons and taxing districts with respect to the South Loop Downtown Economic Stimulus Plan (the "DESA Plan"), closed such public hearing on June 30, 2004, and adopted its Resolution No. 6-5-04 recommending to the City Council the approval of the DESA Plan; and

WHEREAS, the City Council of the City on July 1, 2004, by Committee Substitute for Ordinance No. 040722 approved the DESA Plan; and

WHEREAS, DESA became a party to the Development Agreement pursuant to a Joinder Agreement dated as of December 15, 2004, by and among the City, the Redeveloper and DESA; and

WHEREAS, The Industrial Development Authority of the City of Kansas City, Missouri issued its Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A in the aggregate principal amount of \$115,015,000 (the "Series 2005A Bonds") to pay a portion of the costs of the Kansas City Downtown Redevelopment District Project; and

WHEREAS, the proceeds of the Series 2005A Bonds were used solely for authorized Development Project Costs within the meaning of the DESA Act; and

WHEREAS, in order to set forth the terms of their respective rights, duties and obligations, the City and DESA entered into the Cooperative Agreement dated as of March 1, 2005 (the "**Original Agreement**") which set forth their cooperative agreement regarding the funding of the repayment of the Series 2005A Bonds and any additional bonds issued to finance DESA Plan Costs ("**DESA-Qualified Additional Bonds**") issued under the Bond Trust Indenture pursuant to which the Series 2005A Bonds were issued; and

WHEREAS, the City has determined that it is in the best interest of the City to refund and defease the Series 2005A Bonds with the proceeds of the City's Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the "**Series 2017C Bonds**") to be issued by the City pursuant to a Trust Indenture dated as of March 1, 2017 (the "**Indenture**") by and between the City and UMB Bank, N.A. as the trustee (the "**Trustee**"); and

WHEREAS, the City has requested that DESA assist in the refunding of the Series 2005A Bonds by approving an amendment to the Original Agreement pursuant to the First Supplement to Cooperative Agreement dated as of March 1, 2017 (the "**Amendment**") between the City and DESA to provide that the revenues generated pursuant to the DESA Act and pledged pursuant to the Original Agreement will be available to pay debt service on the Series 2017C Bonds;

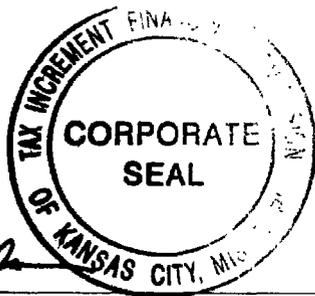
NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DOWNTOWN ECONOMIC STIMULUS AUTHORITY OF KANSAS CITY, MISSOURI, AS FOLLOWS:

Section 1. Authorization and Approval of Amendment. The Amendment is hereby approved in substantially the form presented to and reviewed by the Board of Directors at this meeting (copies of which document shall be filed in the records of DESA), and the officers of DESA are hereby authorized to execute and deliver such document with such changes therein as shall be approved by the officers of DESA executing such document, such officers' signatures thereon being conclusive evidence of their approval and DESA's approval thereof.

Section 2. Further Authority. DESA shall, and the officers, agents and employees of DESA are hereby authorized and directed to, take such further action, and execute such other documents, certificates and instruments, as may be necessary or desirable to carry out and comply with the intent of this Resolution, and to carry out, comply with and perform the duties of DESA with respect to the Series 2017C Bonds and the refunding of the Series 2005A Bonds.

Section 3. Effective Date. This Resolution shall take effect and be in full force immediately after its adoption by the Board of Directors of DESA.

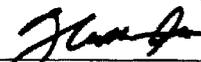
ADOPTED by the Board of Directors of the Downtown Economic Stimulus Authority of Kansas City, Missouri, this 30th day of March, 2017.



DOWNTOWN ECONOMIC STIMULUS AUTHORITY OF KANSAS CITY, MISSOURI

By: 
Cynthia M. Circo, Co-Chair

ATTEST:

By: 
Heather Brown, Secretary

FIRST SUPPLEMENT TO COOPERATIVE AGREEMENT

THIS FIRST SUPPLEMENT TO COOPERATIVE AGREEMENT, dated as of March 1, 2017 (the “**Amendment**”) amends and supplements the Cooperative Agreement, dated as of March 1, 2005 (the “**Original Agreement**”), between the **CITY OF KANSAS CITY, MISSOURI**, a constitutional charter city of the State of Missouri (the “**City**”) and the **DOWNTOWN ECONOMIC STIMULUS AUTHORITY OF KANSAS CITY, MISSOURI**, a downtown economic stimulus authority and public body corporate and politic, exercising public and essential governmental functions (“**DESA**”). The Original Agreement and this Amendment are referred to herein collectively as the “**Agreement**.”

WHEREAS, the City is authorized under the Downtown and Rural Economic Stimulus Act, Sections 99.915 to 99.1060, inclusive, of the Revised Statutes of Missouri, as amended (the “**DESA Act**”), to approve development plans, establish a special allocation fund and pledge such fund to the repayment of obligations issued to finance such development plans; and

WHEREAS, the City and Kansas City Live, LLC, a Maryland limited liability company (the “**Redeveloper**”), entered into a Master Development Agreement, dated April 27, 2004, as thereafter amended from time to time (the “**Development Agreement**”), for the redevelopment of the southern portion of the loop portion of downtown Kansas City, Missouri, into a retail/entertainment district which includes restaurants, night clubs, bars, theaters, attractions, retail, residential and office components and relating parking and other improvements, together with infrastructure improvements and the construction of public parking facilities within the retail/entertainment district (the “**Kansas City Downtown Redevelopment District Project**”); and

WHEREAS, the City determined that in order to implement a portion of the Kansas City Downtown Redevelopment District Project as provided in the Development Agreement, it would utilize the statutory powers, functions and duties of certain statutory authorities, including DESA; and

WHEREAS, the City Council of the City has approved the formation of DESA pursuant to the DESA Act; and

WHEREAS, after all proper notice was given, DESA held a public hearing and after receiving the comments of all interested persons and taxing districts with respect to the South Loop Downtown Economic Stimulus Plan (the “**DESA Plan**”), closed such public hearing on June 30, 2004, and adopted its Resolution No. 6-5-04 recommending to the City Council the approval of the DESA Plan and the Development Project described therein (the “**DESA Project**”); and

WHEREAS, the City Council of the City on July 1, 2004, by Committee Substitute for Ordinance No. 040722 approved the DESA Plan and the DESA Project; and

WHEREAS, DESA became a party to the Development Agreement pursuant to a Joinder Agreement dated as of December 15, 2004, by and among the City, the Redeveloper and DESA; and

WHEREAS, pursuant to that certain Indenture of Trust, dated March 1, 2005, as amended and supplemented by a First Supplemental Indenture of Trust, dated as of July 1, 2006 (collectively, the “**Original Indenture**”), The Industrial Development Authority of the City of Kansas City, Missouri (the “**Issuer**”) issued its Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A in the aggregate principal amount of \$115,015,000 (the “**Series 2005A Bonds**”), its Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown

Redevelopment District) Series 2005B in the aggregate principal amount of \$64,985,000 (the “**Series 2005B Bonds**”), its Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2006A in the aggregate principal amount of \$69,500,000 (the “**Series 2006A Bonds**”) and its Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2006B in the aggregate principal amount of \$45,500,000 (the “**Series 2006B Bonds**”) for the purposes described in the Original Indenture; and

WHEREAS, the Issuer, at the request of the City and with the consent of the Bond Insurer and the Liquidity Facility Provider (as each is defined in the Original Indenture), amended the Original Indenture pursuant to the Amended and Restated Indenture of Trust dated as of June 1, 2007 (the “**Amended and Restated Indenture**”) to facilitate a restructuring of the Series 2005A Bonds, the Series 2005B Bonds, the Series 2006A Bonds and the Series 2006B Bonds; and

WHEREAS, the Series 2005A Bonds were restructured and converted to a fixed rate of interest in the principal amount of \$114,915,000 pursuant to the Series 2005A Series Supplement dated June 6, 2007 (the “**Series Supplement**”); and

WHEREAS, the proceeds of the Series 2005A Bonds, pursuant to the Amended and Restated Indenture and the Series Supplement (collectively, the “**Series 2005A Indenture**”), were used solely for authorized Development Project Costs within the meaning of the DESA Act and the DESA Plan; and

WHEREAS, in order to set forth the terms of their respective rights, duties and obligations, the City and DESA entered into a Cooperative Agreement, dated March 1, 2005 (the “**Original Cooperative Agreement**”), which set forth their cooperative agreement regarding the funding of the repayment of the Series 2005A Bonds and any additional bonds issued to finance DESA Plan Costs (“**DESA-Qualified Additional Bonds**”); and

WHEREAS, the City has determined that it is in the best interest of the City to refund and defease the Series 2005A Bonds with the proceeds of the City’s Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the “**Series 2017C Bonds**”) to be issued by the City pursuant to a Trust Indenture dated as of March 1, 2017 (the “**Indenture**”) by and between the City and UMB Bank, N.A. as the trustee (the “**Trustee**”); and

WHEREAS, DESA and the City desire to amend the Original Cooperative Agreement to provide that the revenues generated pursuant to the DESA Act and pledged pursuant to the Original Cooperative Agreement will be available to pay debt service on the Series 2017C Bonds;

NOW THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements set forth in this First Supplement to Cooperative Agreement, DESA and the City covenant and agree, as follows:

1. Definitions. For purposes of the Original Agreement as amended by this Amendment, the following words and terms shall have the meanings set forth below. Any of such terms as originally defined in **Section 1.1** of the Original Agreement are hereby amended to mean as follows:

“**Bonds**” means the Series 2017C Bonds, any bonds issued to refund the Series 2017C Bonds and any DESA-Qualified Additional Bonds issued under the Indenture.

“**DESA-Qualified Additional Bonds**” means any additional bonds issued under the Indenture to finance DESA Plan Costs.

“Indenture” means the Trust Indenture, dated as of March 1, 2017, as originally executed by the City and the Trustee, as from time to time amended and supplemented by supplemental indentures in accordance with the provisions of the Indenture which authorized the issuance of the Series 2017C Bonds, or any other Trust Indenture pursuant to which any bonds issued to refund the Series 2017C Bonds or any DESA-Qualified Additional Bonds are issued.

“Series 2005A Bonds” means the Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A issued by The Industrial Development Authority of the City of Kansas City, Missouri and being refunded with proceeds of the Series 2017C Bonds.

“Series 2017C Bonds” means the Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), Series 2017C issued by the City to refund the Series 2005A Bonds.

“Trustee” means UMB Bank, N.A., a national banking association organized and existing under the laws of the United States of America, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to and at the time serving as trustee under the Indenture.

2. References to Funds and Accounts. All references to Series 2005A Bonds and any funds and accounts established under the Original Indenture, as amended, restated and supplemented, including by the Series 2005A Indenture, pursuant to which the Series 2005A Bonds were issued and reissued, shall refer to such similar funds and accounts established under the Indenture that relate to the Series 2017C Bonds.

3. Remainder of Original Agreement in Effect. All other provisions of the Original Agreement remain unchanged and continue in full force and effect.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have each caused this First Supplement to Cooperative Agreement to be executed on their behalf as of the date first above written.

CITY OF KANSAS CITY, MISSOURI



By: [Signature]
Title: Director of Finance

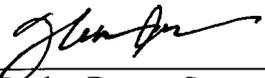
By: [Signature]
Title: City Clerk

THIS FIRST SUPPLEMENT TO COOPERATIVE AGREEMENT is executed as of the date first above written.

**DOWNTOWN ECONOMIC STIMULUS
AUTHORITY OF KANSAS CITY, MISSOURI**

By: 
Cynthia M. Circo, Chair

ATTEST:

By: 
Heather Brown, Secretary

COOPERATIVE AGREEMENT

BY AND BETWEEN

THE CITY OF KANSAS CITY, MISSOURI,

AND

**THE DOWNTOWN ECONOMIC STIMULUS AUTHORITY
OF KANSAS CITY, MISSOURI**

Dated as of March 1, 2005

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This **COOPERATIVE AGREEMENT** (this "**Agreement**") dated as of March 1, 2005, is made by and between the **CITY OF KANSAS CITY, MISSOURI**, a constitutional charter city of the State of Missouri (the "**City**") and the **DOWNTOWN ECONOMIC STIMULUS AUTHORITY OF KANSAS CITY, MISSOURI**, a downtown economic stimulus authority and public body corporate and politic, exercising public and essential governmental functions ("**DESA**").

WHEREAS, the City has entered into a Master Development Agreement, dated as of April 27, 2004 as amended and supplemented (the "**Development Agreement**") with Kansas City Live, LLC, a Maryland limited liability company (the "**Redeveloper**") for the redevelopment of the southern portion of the loop portion of downtown Kansas City, Missouri, into a retail/entertainment district which may include restaurants, night clubs, bars, theaters, attractions, retail, residential and office components (the "**Kansas City Downtown Redevelopment District Project**");

WHEREAS, the City has determined that in order to implement a portion of the Kansas City Downtown Redevelopment District Project as provided in the Development Agreement, it will utilize the statutory powers, functions and duties of certain statutory authorities, including DESA; and

WHEREAS, the City Council created DESA pursuant to the Missouri Downtown and Rural Economic Stimulus Act, Sections 99.915 to 99.1060, Revised Statutes of Missouri, as amended (the "**DESA Act**") and approved the exercise of the powers, functions and duties of a downtown economic stimulus authority by DESA under the DESA Act by the passage of Ordinance No. 030925; and

WHEREAS, having been duly constituted and its members appointed, DESA held a public hearing, after proper notice was given, to consider the South Loop Downtown Economic Stimulus Plan (the "**DESA Plan**") on June 30, 2004; and

WHEREAS, after considering all of the evidence presented at the hearing, DESA recommended approval of the DESA Plan by adopting Resolution No. 06-5-04, and the City Council of the City approved the DESA Plan by Ordinance No. 040722, on July 1, 2004; and

WHEREAS, DESA has become party to the Development Agreement pursuant to a Joinder Agreement dated as of December 15, 2004, by and among the City, the Redeveloper and DESA.

WHEREAS, the City has requested The Industrial Development Authority of the City of Kansas City, Missouri, to issue **\$115,015,000** principal amount of **Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A** (the "**Series 2005A Bonds**") and **\$64,985,000** principal amount of **Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005B** (the "**Series 2005B Bonds**," and with the Series 2005A Bonds, collectively the "**Series 2005 Bonds**") for the purpose of providing funds to pay the costs of (a) acquiring and clearing property and designing, improving, constructing and equipping necessary infrastructure and improvements including, but not limited to, public parking facilities in connection with the implementation of the Redevelopment Plans as more fully described in the Indenture, (b) funding capitalized interest on the Series 2005 Bonds and (c) paying costs related to the issuance of the Series 2005 Bonds, including fees associated with the provision of the Bond Insurance and the Liquidity Facility.

WHEREAS, the proceeds of the Series 2005A Bonds will be used solely for authorized Development Project Costs within the meaning of the DESA Act; and

WHEREAS, in order to set forth the terms of their respective rights, duties and obligations, the City has entered into or intends to enter into (i) a Cooperative Agreement by and between the City and the

TIF Commission; (ii) this Cooperative Agreement by and between the City and DESA; (iii) a Cooperative Agreement by and between the City and a transportation development district which is anticipated to be formed within the Redevelopment Area (collectively the “**Cooperative Agreements**”) which set forth their roles and responsibilities in connection with the implementation of the Redevelopment Plans and the payment of debt service on the Bonds.

WHEREAS, on December 9, 2004, the City Council authorized the execution and delivery of a Financing Agreement of even date herewith (the “**Financing Agreement**”) pursuant to which the City will assign its rights under the Cooperative Agreements, and other credit enhancement documents in connection with the issuance of the Series 2005 Bonds pursuant to Committee Substitute for Ordinance No. 041302.

WHEREAS, the parties to this Agreement desire to assist in the financing of the Kansas City Downtown Redevelopment District Project to be completed in accordance with the DESA Plan; and

WHEREAS, the parties now desire to set forth their cooperative agreement regarding the funding of the repayment of the Series 2005A Bonds and any DESA-Qualified Additional Bonds issued under the Indenture which are secured by revenues generated pursuant to the DESA Act and pledged pursuant to this Agreement.

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

ARTICLE I

DEFINITIONS

Section 1.1. Definitions of Words and Terms. In addition to the words and terms defined elsewhere in this Cooperative Agreement and in the Indenture of Trust dated as of March 1, 2005, by and between The Industrial Development Authority of the City of Kansas City, Missouri, and UMB Bank, N.A., as trustee (the “**Indenture**”), the following words and terms as used in this Cooperative Agreement and in the Indenture shall have the following meanings:

“**DESA Special Allocation Fund**” means the fund established by the City pursuant to Section 99.957 RSMo.

“**Department**” means the Missouri Department of Economic Development.

“**Development Agreement**” means that certain Master Development Agreement dated April 27, 2004, as amended and supplemented from time to time, between the City and Kansas City Live, L.L.C., a Maryland limited liability company, with respect to the implementation of the Kansas City Downtown Redevelopment District Project, as amended, together with a Joinder Agreement dated as of December 15, 2004, by and among the City, the Redeveloper and DESA and a Joinder Agreement dated as of December 15, 2004, by and among the City, the Redeveloper and the Tax Increment Financing Commission of Kansas City, Missouri.

“**Development Project Area**” means the area designated as the Development Project Area pursuant to the DESA Plan.

“**Development Project Costs**” include such costs incurred pursuant to the DESA Plan, which are expended on public property, buildings, or rights-of-ways for public purposes to provide infrastructure to support for a development project, including without limitation, those enumerated in Section 99.918 (11) RSMo, as amended.

“**Other Net New Revenues**” means the State Sales Tax Increment or State Income Tax Increment (each as defined in the DESA Act) or the combination of the amount of each such increment attributable to the DESA Plan, to the extent disburseable by the Department pursuant to the State Certificate.

“**RSMo**” means the Revised Statutes of Missouri, as amended.

“**State Certificate**” means the Certificate dated March 15, 2004, issued by the Department pursuant to Section 99.960, RSMo, approving and authorizing the disbursement of funds in the State Supplemental Downtown Development Fund for deposit into the DESA Special Allocation Fund.

“**State Supplemental Downtown Development Fund**” means the fund by that name to be administered by the Department pursuant to Section 99.963 RSMo.

ARTICLE II

REPRESENTATIONS

Section 2.1 **Representations by DESA.** DESA represents and warrants to the City as follows:

(a) **Organization and Authority.** DESA (i) is a downtown economic stimulus authority duly organized and validly existing under the DESA Act, (ii) has lawful power and authority to enter into, execute and deliver this Agreement and to carry out its obligations hereunder, and (iii) by all necessary action has been duly authorized to execute and deliver this Agreement, acting by and through its duly authorized officers.

(b) **No Defaults or Violations.** The execution and delivery of this Agreement by DESA will not conflict with or result in a breach of any of the terms of, or constitute a default under, any agreement or instrument to which DESA is a party, or by any of the constitutional or statutory laws, rules or regulations applicable to DESA.

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

Section 2.2 **Representations by the City.** The City represents and warrants to DESA as follows:

(a) **Organization and Authority.** The City (i) is a constitutionally chartered city validity existing under the laws of the State of Missouri; (ii) has lawful power and authority to entire into, execute and deliver this Agreement and to carry out its obligations hereunder; and (iii) by all necessary action has been duly authorized to execute and deliver this Agreement, acting by and through its duly authorized officers.

(b) No Defaults or Violations. The execution and delivery of this Agreement by the City will not conflict with or result in a breach of any of the terms of, or constitute a default under, any agreement or instrument to which the City is a party or by which it or any of its property is bound, or any of the constitutional or statutory laws, rules or regulations applicable to the City or its property.

(c) 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 Agreement or to otherwise comply with the obligations under this Agreement. Neither the execution and delivery of this Agreement by the City, nor compliance by the City with its obligation under this 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 DESA and the City contained in this Agreement or in any certificate or other instrument delivered by the City and DESA pursuant to this Agreement, or in connection with the transactions contemplated thereby, shall survive the execution and delivery thereof.

ARTICLE III

DUTIES OF DESA

Section 3.1 DESA Duties. In connection with the implementation of the DESA Plan, DESA has performed, is performing or will perform the following:

(a) Pursuant to its statutory authority, DESA has held a public hearing and approved the DESA Plan, and acting upon its recommendation the City has designated a development area, adopted the DESA Plan and adopted development financing for the Development Project Area.

(b) DESA has made application to the Department and the Missouri Development Finance Board and has obtained the State Certificate for disbursement, subject to annual appropriation by the State, of amounts from the State Supplemental Downtown Development Fund.

(c) DESA and the City hereby acknowledge that there will be no "Payments in Lieu of Taxes" or "Economic Activity Taxes" (as those terms are defined in the DESA Act) generated for the benefit of the DESA Plan; provided, however, that in the event there are "Payments in Lieu of Taxes" or "Economic Activity Taxes" (as those terms are defined in the DESA Act) generated for the benefit of the DESA Plan, the same shall be collected, segregated and deposited in the DESA Special Allocation Fund.

(d) DESA hereby pledges amounts to be deposited in the DESA Special Allocation Fund to the repayment of the principal of, redemption premium, if any, and interest on the Series 2005A Bonds and any DESA-Qualified Additional Bonds; provided, however, any such pledge or expenditure of economic activity taxes or Other Net New Revenues shall be subject to annual appropriation by the City.

(e) DESA agrees that any amounts paid from the State Supplemental Downtown Development Fund or from any other sources pledged to the payment of principal of, redemption premium, if any, and interest on the Series 2005A Bonds and any DESA-Qualified Additional Bonds secured pursuant to this Agreement, shall be immediately transferred to the Trustee for deposit to the DESA Revenue Account in the Revenue Fund.

(f) DESA agrees to do all other things and to execute any additional documents or certificates necessary or convenient to the provision and/or perfection of a security interest in and pledge

of funds on deposit in the DESA Special Allocation Fund as security for the Series 2005A Bonds and any DESA-Qualified Additional Bonds secured pursuant to this Agreement.

ARTICLE IV

ANNUAL APPROPRIATIONS

Section 4.1 **Annual Appropriations.** The City intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to this Agreement, moneys anticipated to be on deposit in the DESA Special Allocation Fund during the next succeeding Fiscal Year for the purpose of paying the principal of, redemption premium, if any, and interest on the Series 2005A Bonds and the DESA-Qualified Additional Bonds. The City shall deliver written notice to DESA no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has made the appropriation described in the immediately preceding sentence.

Section 4.2 **Annual Budget Request.** The chief executive of the City 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 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 Agreement shall be made solely by the respective governing body 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 appropriate moneys anticipated to be on deposit in the DESA Special Allocation Fund during the next succeeding Fiscal Year for the purpose of paying the principal of, redemption premium, if any, and interest on the Series 2005A Bonds and any DESA-Qualified Additional Bonds.

Section 4.3 **Appropriation to Constitute Current Expenses.** DESA and the City acknowledge and agree that the disbursement of funds then on deposit in the DESA Special Allocation Fund 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 under this 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.

Section 4.4 **Deposit of Other Net New Revenues.** Within five (5) days of receipt of the Other Net New Revenues from the State, the City and DESA agree that such amounts shall be deposited in the DESA Special Allocation Fund. The monies on deposit in the DESA Special Allocation Fund shall be expended pursuant to the terms of this Agreement, the Development Agreement and the DESA Act.

Section 4.5 **Payment of Series 2005A Bonds and any DESA-Qualified Additional Bonds.** Within five (5) days after the receipt of any Other New Net Revenues from the State but no later than five Business Days prior to any Payment Date, the City agrees to disburse the monies available in the DESA Special Allocation Fund to the Trustee for the benefit of the Issuer of the Series 2005A Bonds and any DESA-Qualified Additional Bonds for payment of the debt service on such Bonds. DESA's obligations to make such disbursement pursuant to this Agreement is subject to the term of the Development Agreement and is limited to monies available in the DESA Special Allocation Fund and shall not be construed as creating a general liability, debt or obligation of DESA. DESA hereby confirms and certifies

that the disbursement of monies to the Trustee as assignee of the City as provided herein constitutes a payment of reimbursable Development Project Costs under the Development Agreement.

Section 4.6 **Survival of Obligations.** In the event the DESA Plan is successfully challenged or in the event that a court of competent jurisdiction (a) determines for any reason that (i) the DESA Plan is invalid or unenforceable, (ii) the Development Project Area does not include all or any part of the property included in the DESA Plan, (iii) all or any portion of the DESA Act violates the Constitution of the State of Missouri, the United States Constitution or any law or statute or is otherwise unlawful, or (iv) the designation of the Development Project Area (as defined in the DESA Act) is unconstitutional or otherwise unlawful, or (e) for any other reason makes a determination that results in the benefits of the DESA Act not being available within the Development Project Area or any part thereof (any such determination being hereinafter referred to as an "Invalidity Determination"), then in such event the City and DESA agree to use their best reasonable efforts to remedy the provisions which caused the Invalidity Determination in order to further the intent of this Agreement.

ARTICLE V

MISCELLANEOUS

Section 5.1 **Terms of Agreement.** This Agreement shall be effective from and after its execution and delivery and shall continue in full force and effect until the earlier to occur of the full payment or redemption of the Series 2005A Bonds and any DESA-Qualified Additional Bonds or twenty-five (25) years after the adoption by separate ordinance of development financing for the Development Project Area (the "Term"); provided, however, that in no event shall the Term continue for longer than forty (40) years after the approval by the City of Ordinance No. 040722 which approved the DESA Plan.

Section 5.2 **Breach; Compliance.** If any party does not comply with the provisions of this Agreement, in that a party shall do, permit to be done, or fail or omit to do, or fail or omit to have done, anything contrary to or required of it by this Agreement, and if, within ten (10) days after notice of such default by any party, the party shall not have cured such default or commenced such cure and be diligently pursuing the same if such cure would reasonable take longer than said ten (10) days period, then any party may institute such proceedings as may be necessary in its opinion to cure the default including, but not limited to, proceedings to compel specific performance. If any action is instituted by any party hereunder, the defaulting party shall pay and all costs, fees and expenses, including attorneys' fees incurred by the non-defaulting in enforcing this Agreement, if the non-defaulting parties prevail on its claim, as the case may be.

The rights and remedies of the parties to this Agreement, whether provided by law or by this Agreement, shall be cumulative and the exercise by any party of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other remedies for the same default or breach. No waiver made by a party shall apply to obligations beyond those expressly waived.

Section 5.3 **Notices.** All written notices required by this Agreement shall be in writing and shall be served either personally or by certified mail, or by any other delivery service which obtains a receipt for delivery unless any such notice required by law and such law provides a different form of delivery or service. Any such notice or demand served personally shall be delivered to the party being served (provided that such notice may be delivered to the receptionist or any other person apparently in charge of such party's office at its address hereinafter set forth), and shall be deemed complete upon the day of actual or attempted delivery, as shown by an affidavit of the person so delivering such notice. Any notice so served by certified mail shall be deposited in the United States Mail with postage thereon fully

prepaid and addressed to the party or parties so to be served at its address hereinafter stated, and service of any such notice by certified mail shall be deemed complete on the date of actual or attempted delivery as shown by the certified mail receipt. Service of any such notice by another delivery service shall be deemed complete upon the date of actual or attempted delivery as shown on the receipt obtained by such delivery service.

Any notice to DESA shall be addressed to the Secretary of DESA at:

Downtown Economic Stimulus Authority of Kansas City, Missouri
Suite 250
10 Petticoat Lane
Kansas City, Missouri 64106

with a copy to:

Douglas Stone, Esq.
Polsinelli Shalton Welte & Suelthaus LLP
700 W. 47th, Suite 1000
Kansas City, Missouri 64112

Notices to the City shall be addressed to:

City Treasurer
City Hall
414 East 12th Street, 1st Floor
Kansas City, Missouri 64106

with a copy to:

City Attorney
City Hall
414 East Twelfth Street, 28th Floor
Kansas City, Missouri 64106

Each party shall have the right to specify that notice be addressed to any other address by giving to the other party ten (10) days written notice thereof.

Section 5.4 **Performance Date Not a Business Day.** If any date for the taking of any action hereunder is on a Saturday, Sunday or business holiday of the State of Missouri, then 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 5.5 **Binding Effect.** This Agreement shall inure to the benefit of and shall be binding upon the City and DESA, and their respective successors and assigns.

Section 5.6 **Amendments, Changes and Modifications.** This Agreement may not be effectively amended, changed, modified, altered or terminated without the prior concurring written consent of all the parties hereto.

Section 5.7 **Assignment.** The rights and responsibilities of the parties to this Agreement may not be assigned without the written consent of the other party; provided, however, that DESA hereby acknowledges and agrees that the City has assigned its rights to payments hereunder and the pledge of DESA Revenues contained herein to UMB Bank, N.A., as trustee under an Indenture of Trust dated as of March 1, 2005, pursuant to which The Industrial Development Authority of the City of Kansas City, Missouri is issuing the Bonds.

Section 5.8 **Execution in Counterparts.** This 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. Copies, telecopies, facsimiles, electronic files and other reproductions of originally executed documents are 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 5.9 **No Pecuniary Liability.** All covenants, obligations and agreements of the City and DESA contained in this Agreement 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 City or DESA in other than their official capacity.

Section 5.10 **Entire Agreement.** This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof, and supersedes and replaces any and all prior oral agreements or written agreements, arrangements, and understandings related thereto.

Section 5.11 **Severability.** If any provision of this 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 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 5.12 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on their behalf as of the date first above written.

ATTEST:

CITY OF KANSAS CITY, MISSOURI

By: Yvette Thompson
Chief Dep. City Clerk

By: [Signature]
Title: Acting Director

APPROVED AS TO FORM & LEGALITY:

By: [Signature]
Assistant City Attorney

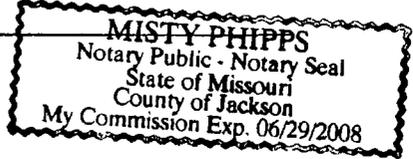
STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

BE IT REMEMBERED, that on this 20th day of March, 2005, before me, the undersigned, a notary public in and for the county and state aforesaid, came Robert Langenkamp, of Kansas City, Missouri, existing under and by virtue of the laws of the State of Missouri, and Millie Crossland, City Clerk, of Kansas City, Missouri, who are personally known to me to be the same persons who executed, as officials, the within instrument on behalf of said political subdivisions, and such persons duly acknowledge this execution of the same to be the act and deed of said political subdivisions.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

Misty Phipps
Notary Public

My Commission Expires:



ATTEST:

DOWNTOWN ECONOMIC STIMULUS
AUTHORITY OF KANSAS CITY, MISSOURI

By: [Signature]
Secretary

By: [Signature]
Chairman

APPROVED AS TO FORM & LEGALITY



By: [Signature]
Attorney to DESA

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

BE IT REMEMBERED, that on this 23 day of March, 2005, before me, the undersigned, a notary public in and for the county and state aforesaid, came Peter Yelorda, to me personally known, who being by me duly sworn did say that he is the Co-Chairman of the Downtown Economic Stimulus Authority, a Missouri downtown economic stimulus authority, and that the seal affixed to the foregoing instrument is the seal of said Agency and that said instrument as signed on half of said Agency by authority of its Board of Commissioners, and Peter Yelorda acknowledged said instrument to be the free act and deed of said Agency.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

JEANETTA ELLIS
Notary Public - Notary Seal
State of Missouri
County of Jackson
My Commission Expires July 29, 2006
My Commission Expires:

[Signature]
Notary Public

DESA CLOSING CERTIFICATE

The Downtown Economic Stimulus Authority of Kansas City, Missouri (“DESA”), does hereby certify in connection with the issuance by the City of Kansas City (the “City”) of its \$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the “Series 2017C Bonds”) that it is a public corporation duly organized and validly existing under the laws of the State of Missouri and does further certify as follows:

1. **Members and Officers.** The following persons were and are the duly qualified and acting members and officers of DESA since at least March 30, 2017, to and including the date hereof:

<u>Name</u>	<u>Title</u>
Mayor Sly James	Co-Chair
Cynthia M. Circo	Co-Chair
Troy Nash	Vice Chairman
Jason Parson	Treasurer
Estella Morales	Member
Jeffrey Williams	Member
Charles Myers	Member
Babette Macy	Member
Heather A. Brown	Secretary (Non-Member)
Lee Brown	Assistant Treasurer (Non-Member)
Janine Pettitt	Assistant Secretary (Non-Member)

There are five vacancies on DESA.

The following positions are held by staff members. Heather Brown serves as Secretary to DESA. Janine Pettit serves Assistant Secretary to DESA. Lee Brown serves as Assistant Treasurer to DESA.

2. **Meetings.** At least twenty-four hours prior to the commencement of each of the meetings referred to in paragraph 3 hereof notice of the meeting was made available to any representative of the news media who requested it and was posted on a bulletin board or other prominent place that is easily accessible to the public and clearly designated for that purpose at the principal office of DESA and at the site of the meeting. Said meetings were open to the public and every reasonable effort was made to grant special access to said meeting to handicapped or disabled persons.

Notice of the meetings of DESA at which the Resolutions were adopted was given in accordance with the Bylaws of DESA, including the sending of such notices by mail to each member of DESA, each of said notices being deposited in the United States mail ten days or more before the applicable meeting.

3. **Resolutions.** Attached hereto as Exhibit A is a true, complete and correct copy (other than any attachments or exhibits thereto) of a resolution (the “Resolution”) authorizing and approving the execution of the First Supplement as defined in Paragraph 4 hereof which was duly adopted by DESA at the meeting of DESA held on March 30, 2017. The Resolution is in full force and effect and the Resolution and First Supplement (as hereinafter defined) in the forms as originally adopted or executed, as the case may be, have not been altered, amended or repealed as of the date hereof.

4. **Authority Documents.** The following described instruments, as executed and delivered by the Co-Chair and the Secretary of DESA, are in substantially the same form and text as the copies of such instruments which were before and approved by DESA at its March 30, 2017 meeting referred to in paragraph 3 above, and such instruments as executed and delivered have not been modified, amended or repealed:

<u>Instrument</u>	<u>Date</u>	<u>Other Party or Parties</u>
First Supplement to DESA Cooperative Agreement (the “First Supplement”)	March 1, 2017	The City

5. **Signatures.** The signatures of the Co-Chair and the Secretary affixed to the First Supplement are the true and correct signatures of such officers of DESA.

6. **Execution of Documents.** Cynthia M. Circo is the duly elected or appointed Co-Chair and Heather A. Brown is the duly elected or appointed Secretary of DESA. As such officers, the Co-Chair has manually executed and the Secretary has attested on behalf of DESA, the First Supplement.

7. **All Necessary Action.** DESA has duly authorized, by all necessary action, the execution, delivery, receipt and due performance of the First Supplement and any and all such other agreements and documents as may be reasonably required to be executed, delivered and received by DESA in order to carry out, give effect to and consummate the transactions contemplated by the First Supplement and the Resolution. The First Supplement, as executed and delivered, constitutes a legal, valid and binding obligation of DESA enforceable against it in accordance with its terms (except insofar as the enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws or equitable principles of general application affecting the rights and remedies of creditors and secured parties).

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, we have hereunto set our hands and affixed the seal of The Downtown Economic Stimulus Authority of Kansas City, Missouri this 30th day of March, 2017.

(SEAL)

ATTEST:



**THE DOWNTOWN ECONOMIC STIMULUS
AUTHORITY OF KANSAS CITY**

By *Cynthia M. Circo*
Name: CYNTHIA M CIRCO
Title: Co-Chair

By *Heather A. Brown*
Name: HEATHER A. BROWN
Title: _____, Secretary

TAX COMPLIANCE AGREEMENT

Dated as of March 1, 2017

Between

City of Kansas City, Missouri

and

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

**\$89,410,000
Special Obligation Refunding Bonds
(Kansas City Downtown Development District)
Series 2017C
of the
City of Kansas City, Missouri**

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TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (the "Tax Agreement") is entered into as of March 1, 2017 between the CITY OF KANSAS CITY, MISSOURI, a constitutional charter city and political subdivision of the State of Missouri (the "Issuer"), and UMB BANK, N.A., a national banking association 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 Issuer of its \$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Development District) Series 2017C (the "Series 2017C Bonds" or the "Bonds") under the Trust Indenture dated as of March 1, 2017 (the "Indenture") between the Issuer and the Trustee.

2. The Series 2017C Bonds are being issued for the purpose of providing funds (a) to advance refund all of the outstanding Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A (the "Series 2005A Bonds") issued by The Industrial Development Authority of the City of Kansas City, Missouri (the "Authority") to pay a portion of the costs of a downtown retail/entertainment district, together with necessary infrastructure improvements and the construction of public parking facilities within the retail/entertainment district (the "Kansas City Downtown Redevelopment District Project") and (b) to pay certain costs related to the issuance of the Series 2017C Bonds, as described in this Tax Agreement and in the Indenture. The Series 2005A Bonds were converted to a fixed rate of interest on June 6, 2007.

3. Pursuant to the authority of the Downtown and Rural Economic Stimulus Act, Sections 99.915 to 99.1060, inclusive, of the Revised Statutes of Missouri, as amended (the "DESA Act"), the City Council of the City previously approved the formation of the Downtown Economic Stimulus Authority of Kansas City, Missouri ("DESA"), and determined that in order to implement a portion of the Kansas City Downtown Redevelopment District Project, the City would utilize the statutory powers, functions and duties of certain statutory authorities including DESA. The proceeds of the Series 2005A Bonds were used solely for authorized Development Project Costs within the meaning of the DESA Act. The City and DESA previously entered into an agreement which set forth their cooperative agreement regarding the funding of the repayment of the Series 2005A Bonds and the use of revenues available under the DESA Act ("DESA Revenues").

4. The Series 2005A Bonds maturing on December 1, 2018 and thereafter are subject to optional redemption on any day on and after December 1, 2017. The Outstanding Series 2005A Bonds in the principal amount of \$96,040,000 maturing in the years 2017 through 2032 (the "Refunded Series 2005A Bonds") will be advance refunded with proceeds of the Series 2017C Bonds, as more fully described on **Exhibit C**.

5. As indicated in **Section 2.1(1)**, at such future time if any that the Issuer wishes to pursue an advance refunding of all or any portion of the Series 2017B Bonds, the Issuer should consult tax counsel as to the deemed allocation of Series 2017B Bonds and Series 2017C Bonds and proceeds thereof between new money/current refunding purposes and advance refunding purposes under the then-current Code and Regulations to determine eligibility for such advance refunding.

6. Simultaneously with the issuance of the Series 2017C Bonds, the Issuer is issuing its \$19,185,000 Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B (the "Series 2017B Bonds"), and \$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment

Project), Series 2017D (the “Series 2017D Bonds”). The Series 2017B Bonds, the Series 2017C Bonds and the Series 2017D Bonds are referred to collectively herein as the “Tax-Exempt Series 2017 Bonds.”

7. 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.

8. The Issuer 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 Section 148(f).

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Agreement, the Issuer 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 the Indenture, and certain other words and phrases have the meanings assigned in Section 148 of the Code 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 Series 2017C Bonds reduced by amounts (a) in a bona fide debt service fund or a reasonably required reserve or replacement fund, (b) 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 (c) representing grant repayments or sale or investment proceeds of any purpose investment.

“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 on the Bonds 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 (a) the earnings on the fund for the immediately preceding Bond Year, or (b) one-twelfth of the principal and interest payments on the Bonds for the immediately preceding Bond Year.

“Bond” or “Bonds” means the Series 2017C Bonds.

“Bond Compliance Officer” means the Director of Finance of the Issuer or the person to whom he or she delegates this responsibility in writing.

“Bond Counsel” means either Co-Bond Counsel firm or other nationally recognized firm of bond counsel acceptable to the Issuer.

“Bond Fund” means the Series 2017C Debt Service Fund established under the Indenture.

“Bond Year” means each one-year period (or shorter period for the first Bond Year) ending September 1, or another 1-year period selected by the Issuer.

“Co-Bond Counsel” means Kutak Rock LLP and the Hardwick Law Firm LLC or other firm or firms of nationally recognized bond counsel acceptable to the Issuer.

“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 Issuer may treat any date as a Computation Date, subject to the following limits: (a) the first Computation Date cannot be later than five years after the Issue Date, (b) each subsequent rebate installment payment must be made for a Computation Date not later than five 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 Issuer selects September 1, 2021 as the first Computation Date but reserves the right to select a different date consistent with the Regulations.

“Costs of Issuance Fund” means the Costs of Issuance Fund established under the Indenture.

“Escrow Agent” means UMB Bank, N.A. as Escrow Agent under the Escrow Agreement.

“Escrow Agreement” means the Escrow Trust Agreement dated as of March 1, 2017 by and between the Issuer and the Escrow Agent, relating to the Refunded Series 2005A Bonds.

“Escrow Fund” means the Escrow Fund established in the custody of the Escrow Agent under the Escrow Agreement, relating to the Refunded Series 2005A Bonds.

“Financed Facilities” means the facilities refinanced with the proceeds of the Bonds, all as described on **Exhibit C**.

“Governmental Person” means a state, a territory, a possession of the United States, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States or any agency or instrumentality of the United States.

“Gross Proceeds” means (a) sale proceeds (any amounts actually or constructively received by the Issuer from the sale of the Bonds, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest), (b) investment proceeds (any amounts received from investing sale proceeds, other investment proceeds or transferred proceeds), (c) any amounts held in a sinking fund for the Bonds, (d) any amounts held in a pledged fund or reserve fund for the Bonds, (e) any other replacement proceeds and (f) any transferred proceeds. Specifically, Gross Proceeds as to the Bonds include all amounts held in the following funds and accounts:

- (1) Debt Service Fund (the “Bond Fund”);
- (2) Costs of Issuance Fund;
- (3) Refunding Fund;

- (4) Escrow Fund; and
- (5) Rebate Fund.

“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 Trust Indenture dated as of March 1, 2017, as originally executed by the Issuer and the Trustee, as amended and supplemented from time to time in accordance with the provisions of the Indenture.

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

“IRS” means the United States Internal Revenue Service.

“Issue Date” means March 23, 2017.

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

“Management Agreement” means a legal agreement defined in Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of a Financed Facility, such as a contract to manage the entire Financed Facility or a portion of the Financed Facility. Contracts for services that are solely incidental to the primary governmental function of the Financed Facility (for example, contracts for janitorial, office equipment repair, billing or similar services), however, are not treated as Management Agreements.

“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 or any series of 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.

“Opinion of Bond Counsel” means the written opinion of Co-Bond Counsel, of either Co-Bond Counsel firm or of other nationally recognized firm of bond counsel. Unless otherwise specifically noted herein an Opinion of Bond Counsel must conclude that the action or proposed action or the failure to act or proposed failure to act for which the opinion is required will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

“Ordinance” means Ordinance No. 170132, passed by the City on February 23, 2017.

“Post Issuance Policy and Procedure” means the Issuer’s Manual of Instructions providing policy and procedures relating to Municipal Bonds and Master Lease Purchase Agreements.

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

“Rebate Fund” means the Rebate Fund established under the Indenture.

“Rebate Analyst” means any Rebate Analyst appointed by the Issuer.

“Refunded Bonds” means the Refunded Series 2005A Bonds.

“Refunded Series 2005A Bonds” means the Series 2005A Bonds in the principal amount of \$96,040,000 maturing in the years 2017 through 2032, as set out on **Exhibit D** attached hereto.

“Refunding Fund” means the Refunding Fund established under the Indenture.

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

“Series 2005A Bonds” means the Industrial Development Authority’s Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A (the “Series 2005A Bonds”), which were reissued and converted to a fixed rate of interest on June 6, 2007 and deemed currently refunded pursuant to the Series 2005A Indenture.

“Series 2005A Indenture” means, collectively, the Amended and Restated Indenture dated as of June 1, 2007 by and between the Authority and UMB Bank, N.A., as trustee, as amended and supplemented by the Series 2005A Series Supplement dated June 6, 2007.

“Series 2005A Trustee” means UMB Bank, N.A.

“Series 2017C Bonds” means any bond or bonds of the series of Special Obligation Refunding Bonds (Kansas City Downtown Development District), Series 2017C, aggregating the principal amount of \$89,410,000, authenticated and delivered under the Indenture.

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

“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 that at any time may be substituted in its place at the time serving as trustee under the Indenture.

“Underwriters” means J.P. Morgan Securities LLC, as representative of the underwriters of the Bonds, including George K. Baum and Company, Fifth Third Securities Inc., Valdés & Moreno, Inc. and Loop Capital Markets.

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

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS

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

(a) Organization and Authority. The Issuer (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 issue the Bonds for the purposes set forth in the Indenture, to enter into, execute and deliver the Indenture, 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 action has been duly authorized to execute and deliver the Indenture, the Bonds and this Tax Agreement, acting by and through its duly authorized officials.

(b) Tax-Exempt Status of Bonds – General Covenant. The Issuer (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 Section 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 Issuer, 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) Governmental Bonds – Private Business Use. The Bond proceeds will be used to refinance bonds issued to pay for costs of the Kansas City Downtown Redevelopment District Project. The Kansas City Downtown Redevelopment Project District Project was the redevelopment of the southern portion of the loop portion of downtown Kansas City, Missouri, into a retail/entertainment district which includes restaurants, night clubs, bars, theaters, attractions, retail, residential and office components and relating parking and other improvements, together with infrastructure improvements and the construction of public parking facilities within the retail/entertainment district. It is expected that more than 10% of the Kansas City Downtown Redevelopment District Project will be owned or used by nongovernmental persons in their trades or businesses.

(d) Governmental Bonds -- Private Security or Payment. The Issuer does not reasonably expect that more than 10% of the payment of the principal of or the interest on the Bonds will be (under the terms of the Bonds or any underlying arrangement) directly or indirectly secured by any interest in property used or to be used for a private business use, or payments in respect of such property (within the meaning of section 141(b)(2)(A) of the Code).

The Issuer does not reasonably expect that more than 5% of the payment of the principal of or the interest on the Bonds will be (under the terms of the Bonds or any underlying arrangement) directly or indirectly, secured or derived from a private business use, determined by taking into account only payments, property and borrowed money with respect to any use of proceeds which is not related to any governmental use of such proceeds, or which gives rise to disproportionate related business use of such proceeds (within the meaning of Section 141(b)(2) and (3) of the Code).

(1) For purposes of the foregoing, taxes of general application, including the DESA Revenues, are not treated as private payments or private security. No taxpayer has entered into any “impermissible agreement” relating to payment of DESA Revenues. An “impermissible agreement” generally includes any agreement described in Regulations § 1.141-4(e)(4)(ii) such as an agreement to be personally liable for the payment of DESA Revenues or to guaranty the amount of DESA Revenues to be produced by the Kansas City Downtown Redevelopment District. DESA Revenues have historically provided less than 0.5% of the debt service payable on the Series 2005A Bonds, and are not expected to provide a greater percentage of debt service on the Series 2017C Bonds.

(2) The Issuer will not permit any private security or payment with respect to the Bonds other than as described herein without first obtaining an Opinion of Bond Counsel.

(3) Contemporaneously with the issuance of the Series 2017C Bonds, the Issuer is issuing the Series 2017A Taxable Bonds. The Issuer will issue the Series 2017A Taxable Bonds for the purpose of providing funds (a) to acquire, construct, reconstruct and/or improve certain projects within the City (the “Taxable City Projects”), (b) to pay capitalized interest on a portion of the Series 2017A Taxable Bonds, (c) to fund a debt service reserve fund for the Kansas City Municipal Assistance Corporation Tax-Exempt leasehold Improvement Revenue Bonds (H. Roe Bartle Convention Center and Infrastructure Project) Series 2004B-1 and (d) to pay certain costs related to the issuance of the Series 2017A Taxable Bonds. The Issuer hereby represents that it hereby intends by and in this Tax Agreement and the Tax Compliance Agreements applicable to the other series of the Tax-Exempt Series 2017 Bonds to allocate any private payments or security for the use of any projects financed or refinanced by the Tax-Exempt Series 2017 Bonds or the Taxable City Projects first to debt service on the Series 2017A Taxable Bonds; then to operating and maintenance expenses for the Taxable City Projects; then (with an Opinion of Bond Counsel as required by paragraph (2) above) to operating and maintenance expenses for the projects financed or refinanced by the Tax-Exempt Series 2017 Bonds; and then to the operating and maintenance expenses or equity for any other City project, all before undertaking to allocate any such private payments or security to the Tax-Exempt Series 2017 Bonds (including the Series 2017C Bonds) pursuant to this paragraph.

(e) No Private Loan. Not more than the lesser of 5% of the net proceeds of the Bonds or \$5,000,000 will be loaned directly or indirectly to any person or entity that is not a Governmental Person. Not more than the lesser of 5% of the net proceeds of the Refunded Bonds or \$5,000,000 were loaned directly or indirectly to any person or entity that is not a Governmental Person.

(f) Limit on Maturity of Bonds. A list of the assets included in the Financed Facilities refinanced with proceeds of the Bonds is attached to this Tax Agreement as **Exhibit C**. The weighted average maturity of the Series 2017C Bonds, as computed by the Financial Advisor on the Certificate of Financial Advisor attached hereto as **Exhibit B**, is 10.5313 years. 120% of the “average reasonably expected economic life” of the Kansas City Downtown Redevelopment District facilities, a portion of which is being refinanced with proceeds of the Series 2017C Bonds is 33.03 years, as set out on **Exhibit C**. The Issuer will not make, or permit to be made, any changes in the Financed Facilities or the use of the Bond proceeds which will cause the average Bond maturity of the Bonds to exceed 120% of the average, reasonably expected economic life of the Financed Facilities financed or refinanced with proceeds of such Bonds.

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

(h) Bonds Not Federally Guaranteed. The Issuer 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 Section 149(b).

(i) IRS Form 8038-G. Bond Counsel will prepare (1) a Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) for the Series 2017B Bonds and Series 2017C Bonds, which are treated as a single issue for federal tax purposes as described in **Section 2.1(I)** and (2) a separate Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) for the Series 2017D Bonds. Both information returns will be based on the representations and covenants of the Issuer contained in this Tax Agreement and the Tax Compliance Agreements relating to the other Tax-Exempt Series 2017 Bonds or otherwise provided by the Issuer. Bond Counsel will sign the return as a paid preparer following completion and will then deliver copies to the Issuer for execution and for the Issuer’s records. The Issuer agrees to timely execute and return to Bond Counsel the execution copy of Form 8038-G for the Series 2017B Bonds and Series 2017C Bonds for filing with the IRS. A copy of the “as-filed” copy of the Form 8038-G for the Series 2017B Bonds and Series 2017C Bonds along with proof of filing will be included as **Exhibit A**.

(j) Bonds Not Hedge Bonds.

(1) At least 85% of the net sale proceeds (the sale proceeds less any sale proceeds invested in a reserve fund) of the Series 2005A Bonds were expected at the time of initial issuance to be used to carry out the governmental purpose of such series of bonds within three years of the original issue date of such series of bonds, and not more than 50% of the proceeds of such series of bonds were invested in Investments having a substantially guaranteed Yield for four years or more.

(2) Based upon the representations set forth in paragraphs 2.1(j)(1) above and operation of Section 149(g)(3)(C) of the Code, the Issuer concludes that the Bonds are not “hedge bonds” within the meaning of Section 149(g) of the Code.

(k) Compliance with Future Tax Requirements. The Issuer understands that the Code and the Regulations may impose new or different restrictions and requirements on the Issuer in the future. The Issuer will comply with such future restrictions that are necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

(l) Single Issue; No Other Issues. Other than the Series 2017A Taxable Bonds, the Series 2017B Bonds and the Series 2017D Bonds, no other debt obligations of the Issuer (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). The Series 2017B Bonds and Series 2017C Bonds constitute a single “issue” under Regulations § 1.150-1(c) because the Series 2017B Bonds and Series 2017C Bonds are expected to be paid from substantially the same source of funds. The Series 2017D Bonds are expected to be from a different source of funds (tax increment financing revenues) and therefore constitutes a separate “issue” under Regulations § 1.150-1(c). Because the Series 2017B Bonds, the proceeds of which are being used for new money and current refunding purposes, and Series 2017C Bonds, the proceeds of which are being used for advance refunding purposes, are treated as a

single issue for federal tax purposes, and because the weighted average maturity of the Series 2017C Bonds is greater than the weighted average maturity of the Series 2005A Bonds being refunded by the Series 2017C Bonds (as shown on the Certificate of Financial Advisor and schedules thereto attached hereto on **Exhibit B**), at such future time if any that the Issuer wishes to pursue an advance refunding of all or any portion of the Series 2017B Bonds, the Issuer should consult tax counsel as to the deemed allocation of Series 2017B Bonds and Series 2017C Bonds and proceeds thereof between new money/current refunding purposes and advance refunding purposes under the then-current Code and Regulations to determine eligibility for such advance refunding.

(m) Interest Rate Swap. As of the Issue Date, the Issuer 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. The Issuer will not enter into any such arrangement in the future without obtaining an Opinion of Bond Counsel.

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

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

Section 2.2. Representations and Covenants of the Trustee. The Trustee represents and covenants to the Issuer 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 Issuer, 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 Section 148, and (b) compliance with arbitrage rebate requirements of Code Section 148(f). The Issuer will pay all costs and expenses incurred in connection with supplying the foregoing information.

Section 2.3. Survival of Representations and Covenants. All representations, covenants and certifications of the Issuer and the Trustee contained in this Tax Agreement or in any certificate or other instrument delivered by the Issuer 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 **Article X** of the Indenture or any other provision of the Indenture, until three years following the final maturity date and payment of all Bonds Outstanding as provided in **Section 4.2(b)**.

ARTICLE III

ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.1. General. The purpose of this Article is to certify, under Regulations Section 1.148-2(b), the Issuer's expectations as to the sources, uses, and investment of Bond proceeds and other money, in order to support the Issuer's conclusion that the Bonds are not arbitrage bonds. The person executing this Tax Agreement on behalf of the Issuer is an officer of the Issuer 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 Issuer's understanding of the documents and certificates that comprise the Transcript, including (a) the Indenture, (b) this Tax Agreement, (c) covenants, representations, and certifications of the Issuer contained in this Tax Agreement and in the closing certificate of the Issuer, (d) representations, warranties and certifications contained in the certificate of the managing underwriter and representative of the Underwriters, (e) representations, warranties and certifications of the Trustee contained in the Trustee's Closing Certificate, and (f) representations, warranties and certifications contained in the certificate of the Financial Advisor, attached hereto as **Exhibit B**. To the Issuer's knowledge, the facts and estimates set forth in this Tax Agreement are accurate, and the expectations of the Issuer set forth in this Tax Agreement are reasonable. The Issuer 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 Issuer is issuing the Bonds simultaneously with the execution of this Tax Agreement, under the laws of the State of Missouri, Ordinance No. 170132 (the "Ordinance") passed by the governing body of the Issuer and the Indenture. The Series 2017C Bonds are being issued for the purpose of providing funds (a) to advance refund the Refunded Series 2005A Bonds and (b) to pay certain costs related to the issuance of the Series 2017C Bonds.

Section 3.4. Funds and Accounts. The following funds and accounts relating to the Series 2017C Bonds have been established in the custody of the Trustee under the Indenture:

- (a) Costs of Issuance Fund;
- (b) Debt Service Fund (the "Bond Fund");
- (c) Refunding Fund; and
- (d) Rebate Fund (the "Rebate Fund").

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

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

(a) Amount of Series 2017C Bond Proceeds. The total proceeds to be received by the Issuer from the sale of the Series 2017C Bonds will be as follows:

Principal Amount	\$89,410,000.00
Original Issue Premium	11,577,867.30
Less Original Issue Discount	(337,609.25)
Underwriters' Discount	<u>(315,824.35)</u>
Total Net Proceeds	<u>\$100,334,433.70</u>

(b) Use of Series 2017C Bond Proceeds. The Series 2017C Bond net proceeds are expected to be allocated to expenditures as follows:

(1) The sum of \$100,022,681.57 of the proceeds of the Series 2017C Bonds shall be deposited in the Refunding Fund and transferred to the Escrow Agent for deposit in the Escrow Fund to be applied pursuant to the Escrow Trust Agreement to the payment of principal of and interest on the Refunded Series 2005A Bonds through and including December 1, 2017, the optional redemption date thereof.

(2) The sum of \$301,752.13 shall be deposited in the Costs of Issuance Fund.

(3) The sum of \$10,000.00 shall be deposited in the Rebate Fund.

Section 3.6. Advance Refunding.

(a) Proceeds of the Series 2017C Bonds will be used more than 90 days following the Issue Date to pay principal and interest on the Refunded Series 2005A Bonds. The Series 2005A Bonds were reissued and converted to a fixed rate of interest on June 6, 2007 and deemed currently refunded on such date. The Refunded Series 2005A Bonds have not heretofore been advance refunded. The purpose of the refunding is (i) to achieve interest cost savings for the Issuer through early redemption of the Refunded Series 2005A Bonds, (ii) to reduce the debt service requirements of the Issuer, and (iii) to provide an orderly plan of financing for the Issuer. There are no unexpended proceeds of the Series 2005A Bonds. As set forth in **Section 2.1(f)** and on **Exhibit C**, the weighted average maturity of the Series 2017C Bonds will not exceed 120% of the "average reasonably expected economic life" of the refinanced facilities.

(b) The Issuer has caused Robert Thomas CPA, LLC, certified public accountants (the "Verification Agent"), to prepare the Verification Report for the Refunded Series 2005A Bonds (the "Verification Report"), which Verification Report verifies the accuracy of certain schedules relating, among other things, to (a) the Bond Yield and the Yield on the Escrowed Securities defined in the Escrow Agreement and purchased or to be purchased from the moneys on deposit in the Escrow Fund and (b) the cash flows required to effect the payment of principal of and interest on, and the redemption price of, the Refunded Series 2005A Bonds, all as described in the Verification Report and the Escrow Agreement. Such schedules are attached to the Verification Report. The Bond Yield has been computed as provided in **Section 3.11** hereof. The Yield of the Escrowed Securities, as shown in such schedules, has been computed as that Yield (determined on the basis of semiannual interest compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price. Such schedules demonstrate that the Yield of the Escrowed Securities purchased with proceeds of the Bonds is no more than one one-thousandth of one percentage point (0.00001) greater than the Bond Yield.

(c) The Escrow Fund will be invested in a portfolio comprised of SLGS which were purchased from the Department of the Treasury Bureau of the Fiscal Service (the "Escrow

Portfolio”). The combined Yield on Investments in the Escrow Portfolio, as verified by the Verification Agent in the Verification Report, will be lower than the Bond Yield. Any moneys remaining in the Escrow Fund after the Refunded Series 2005A Bonds have been called and paid, if any, will be transferred to the City. Included in the Transcript of Proceedings relating to the Bonds is a copy of the purchase confirmation and description of the SLGS.

Section 3.7. No Over-Issuance. The sale proceeds of the Bonds do not exceed the cost of the governmental purpose of the Bonds as described above.

Section 3.8. Sinking Funds. The Issuer is required under the Indenture to make periodic payments to the Trustee in amounts sufficient to pay the principal of and interest on the Bonds. The Trustee will deposit such payments into the Bond Fund. Except for the Bond Fund, the Issuer has not 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 Bond Fund is used primarily to achieve a proper matching of revenues with principal and interest payments on the Bonds within the Bond Year, and the Issuer expects that the Bond Fund will qualify as a Bona Fide Debt Service Fund.

Section 3.9. Reserve, Replacement and Pledged Funds.

(a) Reserve Fund. A Reserve Fund has not been established for the Series 2017C Bonds from proceeds of the Series 2017C Bonds. A Reserve Fund was not established for the Series 2005A Bonds.

(b) No Other Replacement Funds. There are no transferred proceeds of the Refunded Series 2005A Bonds. None of the Bond proceeds will be used as a substitute for other funds that were intended or earmarked to pay Project costs will be used to acquire higher yielding investments. Except for the Bond 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 the Issuer encounters financial difficulty.

Section 3.10. Purpose Investment Yield. The proceeds of the Bonds will not be used to purchase an Investment for the purpose of carrying out the governmental purpose of the financing.

Section 3.11. Offering Prices and Yield on Bonds.

(a) Offering Prices. In the Underwriters’ Receipt for Bonds and Closing Certificate, the Underwriter has certified that (1) all of the Bonds have been the subject of an initial offering to the public at prices no higher than those shown on the cover page of the Official Statement, plus accrued interest (the “Offering Prices”) and (2) as of the date of the Official Statement, the Underwriters reasonably expected that at least 10% of the Bonds of each maturity will be sold to the public at initial offering prices no higher than said Offering Prices. The Issuer is not aware of any facts or circumstances that would cause it to question the accuracy of the representations made by the Underwriters, as set forth in the Underwriters’ Receipt for Bonds and Closing Certificate. As noted in **Section 2.1(l)**, the Series 2017B Bonds and Series 2017C Bonds are treated as a single issue for federal tax purposes. The aggregate initial offering price of the Series 2017B Bonds and Series 2017C Bonds is \$121,177,536.35, which includes a net original issue premium of \$12,582,536.35.

(b) Bond Yield. Based on the Offering Prices of the Series 2017B Bonds and Series 2017C Bonds described in **Section 3.11(a)**, the Yield on the Series 2017B Bonds and Series 2017C Bonds is 3.1835%, as computed by the Financial Advisor, and certified to in

Exhibit B attached hereto. As used in this Tax Agreement, the term “Yield” refers to the discount rate which, when used in computing the present worth of all payments of principal and interest to be paid on an obligation, produces an amount equal to the issue price. The calculations of Yield have been made on the basis of semiannual compounding using a 360 day year and upon the assumption that payments are made on the last day of each semiannual interest payment period. For purposes of calculating the Yield on the Series 2017B Bonds and Series 2017C Bonds, the Series 2017B Bonds and Series 2017C Bonds sold at substantial premiums have been treated as redeemed on the earliest optional redemption date resulting in the lowest Yield on the Series 2017B Bonds and Series 2017C Bonds. The Issuer has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Series 2017B Bonds and Series 2017C Bonds.

Section 3.12. 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 (a) enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and (b) 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 Issuer, do not exceed the cost of the governmental purpose of the Bonds as described above.

Section 3.13. Conclusion. On the basis of the facts, estimates, and circumstances set forth in this Tax Agreement, the Issuer 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 Section 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 IV** is to set forth the policies and procedures governing compliance with the federal income tax requirements for the Bonds that apply after the Bonds are issued. The Issuer recognizes that interest on the Bonds will remain excludable from gross income only if the Post-Issuance Tax Requirements are followed after the Issue Date. The Issuer further acknowledges that written evidence substantiating compliance with the 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) Written Policies and Procedures of the Issuer. The Issuer has approved its Post Issuance Policy and Procedure. The Post Issuance Policy and Procedure serves as the Issuer’s written policies and procedures related to the Post-Issuance Tax Requirements and other matters applicable to all tax-exempt obligations issued by the Issuer. The Issuer intends for this Tax Agreement to supplement the Issuer’s Post Issuance Policy and Procedure for the Bonds. In the event of a conflict between the Issuer’s Post Issuance Policy and Procedure and this Tax Agreement, the Issuer intends for the provisions of this Tax Agreement to supersede any conflicting provision of the Issuer’s Post Issuance Policy and Procedure with regard to the Bonds.

(c) Issuer Responsible for Post-Issuance Tax Requirements. The Issuer acknowledges that the investment and expenditure of proceeds of the Bonds are primarily within its control and that substantially all of the Net Proceeds of the Bonds will be used to finance property that is owned and controlled by the Issuer. For these reasons, the Issuer agrees to undertake the responsibility for satisfying the Post-Issuance Tax Requirements. This responsibility 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 other City officials, departments and administrators as set forth in the Issuer's Post Issuance Policy and Procedure, 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) Issuer Cooperation; Opinion of Bond Counsel. The Issuer 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.

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

(a) Record Retention Procedure. The Issuer recognizes: (1) that investors purchase the Bonds with the expectation that interest on the Bonds is excluded from gross income for federal income tax purposes, (2) that the tax-exempt status of interest on the Bonds depends on the accuracy of the representations and the satisfaction of the covenants contained herein by the Issuer, many of which relate to matters that will occur after the date the Bonds are issued, and (3) that as part of its ongoing tax-exempt bond audit program the IRS requires that records be created and maintained with respect to the following matters:

(1) Documentation evidencing an allocation of expenditures of Bond proceeds in sufficient detail to determine the date of the expenditure, the asset acquired or the purpose of the expenditure.

(2) Documentation evidencing use of Bond financed property by public and private persons (i.e. copies of Management Agreements, leases, or output contracts).

(3) Documentation evidencing all sources of payment or security for the Bonds.

(4) Documentation pertaining to any investment of Bond proceeds (including the purchase and sale of securities, SLGs subscriptions, actual investment income received from the investment of proceeds, guaranteed investment contracts, and (if required) rebate calculations).

(5) Arbitrage rebate reports and/or opinions.

The Issuer has or will establish procedures to create and retain the records and documentation listed above.

(b) Time-Period Records Must Be Retained; Electronic Storage Permitted. Unless otherwise specifically instructed in a written Opinion of Bond Counsel or to the extent otherwise provided in this Tax Agreement, the Issuer will retain records related to the Post-Issuance Tax Requirements until three 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 Issuer and (5) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system on the Issuer's premises.

(c) Allocation of Bond Proceeds to Expenditures. The Issuer will keep records relating to the allocation of Bond proceeds to expenditures and the Financed Facilities. The Issuer will obtain an Opinion of Bond Counsel in the event the Issuer decides to allocate such proceeds differently than stated in this Tax Agreement or to change the ownership or use of the Financed Facilities.

(d) Opinions of Bond Counsel. The Bond Compliance Officer is responsible for obtaining and delivering to the Issuer any Opinion of Bond Counsel required under the provisions of this 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) Refunding Fund. Amounts in the Refunding Fund will be transferred to the Escrow Fund on the Issue Date.

(b) Escrow Fund. The proceeds of the Bonds deposited to the Escrow Fund to be used to accomplish the advance refunding of the Refunded Series 2005A Bonds may not be invested in obligations bearing a Yield in excess of the Bond Yield. Any Investment Proceeds realized from the investment of the Proceeds of the Bonds deposited to the Escrow Fund will not be invested in obligations which bear a Yield in excess of the Bond Yield.

(c) Costs of Issuance Fund. Amounts held in the Costs of Issuance Fund may be invested without yield restriction for a 13-month temporary period.

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

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

(f) Rebate Fund. The amounts deposited in the Rebate Fund may be invested without yield restriction as part of the Minor Portion.

Section 4.4. Fair Market Value.

(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 Section 1.148-5 of the Regulations.

(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 Section 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 Section 1.148-5 of the Regulations.

(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 (i) the CD has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal, (ii) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States, and (iii) 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 Issuer is applying Regulations § 1.148-5(d)(6)(iii)(A) (including provisions relating to electronic bidding of Guaranteed Investment Contracts) to the Bonds. 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 Issuer 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 (a) that the potential provider did not consult with any other potential provider about its bid, (b) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer, the Trustee or any other person (whether or not in connection with the Bond issue), and (c) that the bid is not being submitted solely as a courtesy to the Issuer, 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 Issuer’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 three “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 Issuer or Trustee must meet all of the following requirements:

(A) The Issuer or Trustee receives at least three bids from providers that were solicited as described above and that do not have a “material financial interest” in the issue. For this purpose, (a) 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, (b) 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 (c) 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 one of the three bids received is from a reasonably competitive provider, as defined above; and

(C) If the Issuer 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 Trustee retains the following records with the Bond documents until three 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 Issuer or Trustee for the Guaranteed Investment Contract, including a record of any administrative costs paid by the Issuer or Trustee, and the certification as to fees paid, described in paragraph 4(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 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 three 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** above. 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) Bona Fide Debt Service Fund. To the extent the Bond 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, 18-month or 2-year spending exception, or (2) for a given Bond Year, if the gross earnings on the Bond Fund for such Bond Year are less than \$100,000.

Section 4.6. Computation and Payment of Arbitrage Rebate.

(a) Rebate Fund. The Trustee will keep the Rebate Fund separate from all other funds and will administer the Rebate Fund under this Tax Agreement. Any investment earnings derived from a Rebate Fund will be credited to such Rebate Fund, and any investment loss will be charged to such Rebate Fund.

(b) Computation of Rebate Amount. The Trustee will provide the Rebate Analyst investment reports relating to each fund held by the Trustee that contains Gross Proceeds of the Bonds at such times as reports are provided to the Issuer, and not later than 10 days following

receipt of a Certificate of Completion pursuant to **Section 4.04** of the Indenture. The Issuer will provide the Rebate Analyst with copies of investment reports for any funds containing Gross Proceeds that are held by a party other than the Trustee annually as of the end of each Bond Year and not later than 10 days following receipt of each Certificate of Completion. Each investment report provided to the Rebate Analyst will contain a record of each investment, including (a) purchase date, (b) purchase price, (c) information establishing the fair market value on the date such investment was allocated to the Bonds, (d) any accrued interest paid, (e) face amount, (f) coupon rate, (g) frequency of interest payments, (h) disposition price, (i) any accrued interest received, and (j) 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 Trustee and the Issuer 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 is related. In performing its duties, the Rebate Analyst may rely, in its discretion, on the correctness of financial analysis reports prepared by other professionals. If the sum of the amount on deposit in the Rebate Fund is less than the arbitrage rebate due, the Issuer will, within 55 days after such Computation Date, pay to the Trustee the amount of the deficiency for deposit into the applicable Rebate Fund. If the sum of the amount on deposit in the Rebate Fund is greater than the Rebate Amount, the Trustee will transfer such surplus from the Rebate Fund to the applicable Bond Fund. After the final Computation Date, any money left in the Rebate Fund will be paid to the Issuer and may be used for any purpose not prohibited by law.

(c) Rebate Payments. Within 60 days after each Computation Date, the Trustee will pay to the United States (but solely from money in the applicable Rebate Fund or provided by the Issuer) the rebate amount then due, determined in accordance with the Regulations. Each rebate 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

Section 4.7. Successor Rebate Analyst. If the Rebate Analyst resigns or becomes incapable of acting for any reason, or if the Issuer desires that a different Rebate Analyst be appointed, then the Issuer, by an instrument or concurrent instruments in writing delivered to the Trustee, will engage a successor Rebate Analyst. In the event the Rebate Analyst resigns or becomes incapable of acting for any reason and the Issuer does not appoint a qualified successor Rebate Analyst within thirty (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.

Section 4.8. Records. The Trustee will retain copies of each arbitrage report and opinion until six years after the final Computation Date.

Section 4.9. Filing Requirements. The Issuer and the Trustee will file or cause to be filed with the Internal Revenue Service 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.

Section 4.10. 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.

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 recordkeeping and payment of arbitrage rebate and all related penalties and interest will remain in effect until all such amounts are paid to the United States.

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 Bondholders, 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, and with the Indenture, such amendment will not cause any Bond to be an arbitrage bond under Code Section 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 Issuer and the Trustee receive an Opinion of Bond Counsel 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 Issuer 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 validity of the Bonds or cause an Event of Taxability to occur. The Issuer 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 Trustee is making only those certifications, representations, and agreements as are specifically attributed to it in this Tax Agreement. The balance of the certifications, representations, and agreements contained in this Tax Agreement, except those made by the Underwriters in the Underwriters' Closing Certificate and those made by the Financial Advisor in the Certificate of Financial Advisor, are those of the Issuer, and the Trustee is relying on the Issuer with respect to them. The Trustee is not aware of any facts or circumstances that would cause it to question the accuracy of the facts, circumstances, estimates or expectations of the Issuer or the Underwriters, and to 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 Issuer, the Trustee 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 Issuer given in good faith described in Regulations Section 1.148-2(b)(2). The Issuer understands that such certification will be relied upon by the law firms of Kutak Rock LLP and the

Hardwick Law Firm LLC in rendering their 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 may be pursued by the Bondowners pursuant to the terms of the Ordinance or any other document which references this Tax Agreement and gives remedies for a misrepresentation or breach thereof.

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 transactions described herein may be conducted and related documents may be stored by electronic means.

[Remainder of this page intentionally left blank]

THIS TAX COMPLIANCE AGREEMENT has been duly executed by a duly authorized officer of the Issuer as of the day and year first above written.

CITY OF KANSAS CITY, MISSOURI

By:  _____
Randall J. Landes, Director of Finance

THIS TAX COMPLIANCE AGREEMENT has been duly executed by a duly authorized officer of the Trustee as of the day and year first above written.

UMB BANK, N.A., as Trustee

By: 
Name: Lara Stevens
Title: Vice President

EXHIBIT A
IRS FORM 8038-G

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>
1 Issuer's name City of Kansas City, Missouri		2 Issuer's employer identification number (EIN) 44-6000201
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a
4 Number and street (or P.O. box if mail is not delivered to street address) 414 East 12th Street	Room/suite 105	5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code Kansas City, MO 64106		7 Date of issue 03/23/2017
8 Name of issue Special Obligation Bonds, Series 2017B and Series 2017C		9 CUSIP number 485106 RQ3
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Douglas Buehler, City Treasurer		10b Telephone number of officer or other employee shown on 10a 816-513-1024

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.		
11 Education		
12 Health and hospital		
13 Transportation		
14 Public safety		
15 Environment (including sewage bonds)		
16 Housing		
17 Utilities		
18 Other. Describe ► Finance and refinance City Improvement Projects	121,177,536	35
19 If obligations are TANs or RANs, check only box 19a	<input type="checkbox"/>	
If obligations are BANs, check only box 19b	<input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box	<input type="checkbox"/>	

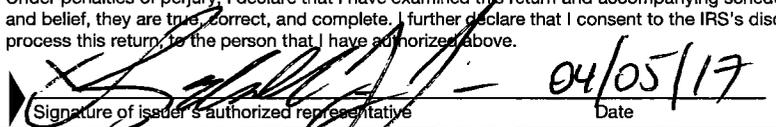
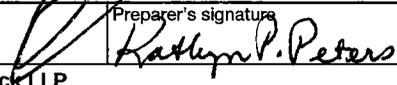
Part III Description of Obligations. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	10/01/2036	\$ 121,177,536.35	\$ 108,595,000.00	9.8421 years	3.1835 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)					
22	Proceeds used for accrued interest				0 00
23	Issue price of entire issue (enter amount from line 21, column (b))				121,177,536 35
24	Proceeds used for bond issuance costs (including underwriters' discount)		843,214	95	
25	Proceeds used for credit enhancement		0	00	
26	Proceeds allocated to reasonably required reserve or replacement fund		0	00	
27	Proceeds used to currently refund prior issues		1,509,702	83	
28	Proceeds used to advance refund prior issues		100,022,681	57	
29	Total (add lines 24 through 28)				102,375,599 35
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)				18,801,937 00

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.		
31	Enter the remaining weighted average maturity of the bonds to be currently refunded	0.1889 years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded	9.3013 years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	12/01/2017
34	Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)	See attached

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	0		00
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	0		00
b Enter the final maturity date of the GIC ▶ _____				
c Enter the name of the GIC provider ▶ _____				
37 Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	0		00
38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:				
b Enter the date of the master pool obligation ▶ _____				
c Enter the EIN of the issuer of the master pool obligation ▶ _____				
d Enter the name of the issuer of the master pool obligation ▶ _____				
39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box				<input type="checkbox"/>
40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box				<input type="checkbox"/>
41a If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:				
b Name of hedge provider ▶ _____				
c Type of hedge ▶ _____				
d Term of hedge ▶ _____				
42 If the issuer has superintegrated the hedge, check box				<input type="checkbox"/>
43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box				<input checked="" type="checkbox"/>
44 If the issuer has established written procedures to monitor the requirements of section 148, check box				<input checked="" type="checkbox"/>
45a If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement ▶ _____				
b Enter the date the official intent was adopted ▶ _____				

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.				
		04/05/17	Randall J. Landes, Dir. of Finance		
	(Signature of issuer's authorized representative)	Date	Type or print name and title		
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Kathryn Peters		4/10/17		P01483977
	Firm's name ▶ Kutak Rock LLP	Firm's EIN ▶		47-0597598	
	Firm's address ▶ 2300 Main Street, Suite 800, Kansas City, MO 64108	Phone no.		816-960-0090	

ATTACHMENT

1. Current Refunded Special Obligation Bond Anticipation Bonds (Streetcar System Expansion Project) Series 2014D of the City of Kansas City, Missouri (the "Refunded Series 2014D Bonds"):

Line 34: June 4, 2014

2. Advance Refunded Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A of The Industrial Development Authority of the City of Kansas City, Missouri (the "Refunded Series 2005A Bonds"):

Line 34: June 6, 2007

KUTAK ROCK LLP

SUITE 800
TWO PERSHING SQUARE
2300 MAIN STREET

KANSAS CITY, MISSOURI 64108-2416

816-960-0090
FACSIMILE 816-960-0041

www.kutakrock.com

ATLANTA
CHICAGO
DENVER
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IRVINE
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MINNEAPOLIS
OKLAHOMA CITY
OMAHA
PHILADELPHIA
RICHMOND
ROGERS
SCOTTSDALE
SPOKANE
WASHINGTON, D.C.
WICHITA

KATHRYN PRUESSNER PETERS
kathryn.peters@kutakrock.com
(816) 960-0090

April 11, 2017

VIA FEDERAL EXPRESS

Internal Revenue Service Center
1973 Rulon White Boulevard
Ogden, Utah 84404

Re: City of Kansas City, Missouri
Special Obligation Bonds Series 2017B and 2017C

On behalf of the City of Kansas City, Missouri, I have enclosed one original and a copy of Form 8038-G regarding the above-referenced issues for filing pursuant to Section 149(e) of the Internal Revenue Code of 1986. Please return the copy of the 8038-G stamped "received" to me in the enclosed, stamped, self-addressed envelope.

Should additional information be required, please give me a call.

Sincerely,


Kathryn P. Peters

gjo

Enclosures

ORIGIN ID:MKCA (816) 980-0090
GLENNA OSBORN
KUTIAK
2300 MAIN STREET
SUITE 800
KANSAS CITY, MO 64108
UNITED STATES US

SHIP DATE: 11APR17
ACTWGT 1.00 LB
CAD: 106010324NET3850

BILL SENDER

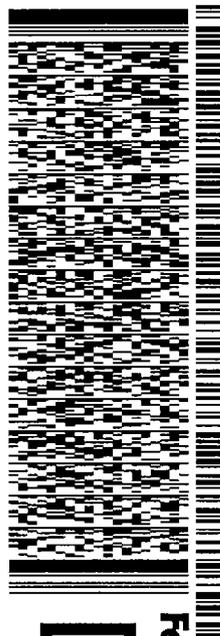
TO DEPARTMENT OF TREASURY
INTERNAL REVENUE SERVICE
1973 RULON WHITE BOULEVARD

OGDEN UT 84404

REF 927111154289

(816) 502-4809
INV
PO

DEPT



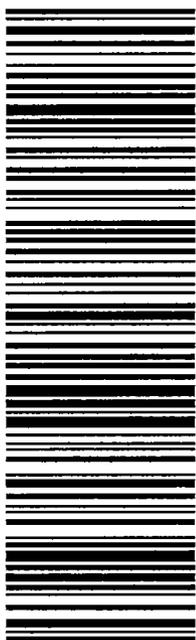
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TRK# 7788 7229 7290
#0201

WED - 12 APR 3:00P
STANDARD OVERNIGHT

AX OGD

84404
UT-US SLC



546J2CFD653C1

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2017 B sc

Osborn, Glenna J.

From: TrackingUpdates@fedex.com
Sent: Wednesday, April 12, 2017 11:22 AM
To: Osborn, Glenna J.
Subject: FedEx Shipment 778872297290 Delivered

Your package has been delivered

Tracking # 778872297290

Ship date:
Tue, 4/11/2017

Glenna Osborn
Kutak
KANSAS CITY, MO 64108
US

Delivery date:
Wed, 4/12/2017 10:17
am



Delivered

Department of Treasury
Internal Revenue Service
1973 Rulon White Boulevard
OGDEN, UT 84404
US



Shipment Facts

Our records indicate that the following package has been delivered.

Tracking number: 778872297290

Status: Delivered: 04/12/2017 10:17
AM Signed for By:
R.SCHWINGHAMMER

Reference: 92711.115/4289

Signed for by: R.SCHWINGHAMMER

Delivery location: OGDEN, UT

Delivered to: Shipping/Receiving

Service type: FedEx Standard Overnight

Packaging type: FedEx Envelope

Number of pieces: 1

Weight: 0.50 lb.

Special handling/Services: Deliver Weekday

Standard transit: 4/12/2017 by 3:00 pm

✉ Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 11:22 AM CDT on 04/12/2017.

EXHIBIT B
CERTIFICATE OF FINANCIAL ADVISOR

\$89,410,000
Special Obligation Refunding Bonds
(Kansas City Downtown Development District)
Series 2017C
of the
City of Kansas City, Missouri

In connection with the above-referenced Bonds (the “Bonds”), the undersigned, a duly authorized officer of FirstSouthwest, a Division of Hilltop Securities, Inc., as Co-Financial Advisor (the “Financial Advisor”), hereby certifies, represents, warrants and agrees as follows:

Capitalized terms not defined herein shall have the meanings set forth in the Trust Indenture dated as of March 1, 2017, between the City of Kansas City, Missouri (the “Issuer”) and UMB Bank, N.A., as trustee (the “Trustee”) and in the Tax Compliance Agreement relating to the Bonds.

1. The Debt Service Schedule for the Series 2017C Bonds is attached to this Certificate.
2. The Form 8038-G statistics for the Series 2017B Bonds and Series 2017C Bonds are on the schedules attached to this Certificate.
3. The Yield on the Series 2017B Bonds and Series 2017C Bonds is 3.1835%, as demonstrated on the Proof of Bond Yield attached to this Certificate. The calculations of Yield have been made on the basis of semiannual compounding using a 360-day year and upon the assumption that payments are made on the last day of each semiannual interest payment period. For purposes of calculating the Yield on the Bonds, the Bonds sold at substantial premiums have been treated as redeemed on the earliest optional redemption date resulting in the lowest Yield on the Bonds.
4. The weighted average maturity of the Series 2017B Bonds and Series 2017C Bonds is 9.8421 years. The remaining weighted average maturity of the Refunded Series 2005A Bonds is 9.3013 years and the weighted average maturity of the Series 2017C Bonds applied to advance refund such Refunded Series 2005A Bonds is 10.5313 years. See the schedules attached to this Certificate.

We understand that this Certificate shall form a part of the basis for the opinions, dated the date hereof, of Kutak Rock LLP and the Hardwick Law Firm LLC, Co-Bond Counsel, to the effect that interest on the Bonds is not includible in the gross income of the recipients thereof for purposes of federal income taxation under existing laws, regulations, rulings and judicial decisions.

DATED: March 23, 2017

FIRSTSOUTHWEST,
a Division of Hilltop Securities, Inc.

By: Erick Macha
Name: Erick Macha
Title: Director

All Financial Advisor Schedules
Including Debt Service Schedules,
Proof of Bond Yield
and Weighted Average Maturity

[Attached]

SOURCES AND USES OF FUNDS

**Special Obligation Refunding Bonds, Series 2017C
 Refund IDA KC Live 2005A**

=====

Dated Date 03/23/2017
 Delivery Date 03/23/2017

Sources:

Bond Proceeds:	
Par Amount	89,410,000.00
Net Premium	11,240,258.05
	100,650,258.05

Uses:

Refunding Escrow Deposits:	
Cash Deposit	0.57
SLGS Purchases	100,022,681.00
	100,022,681.57
 Delivery Date Expenses:	
Cost of Issuance	310,000.00
Underwriter's Discount	315,824.35
	625,824.35
 Other Uses of Funds:	
Additional Proceeds	1,752.13
	100,650,258.05

Note: Final

BOND DEBT SERVICE

**Special Obligation Refunding Bonds, Series 2017C
Refund IDA KC Live 2005A**

=====

		Dated Date	03/23/2017			
		Delivery Date	03/23/2017			
Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	
09/01/2017			1,888,110.97	1,888,110.97		
03/01/2018			2,151,012.50	2,151,012.50		
04/30/2018					4,039,123.47	
09/01/2018			2,151,012.50	2,151,012.50		
03/01/2019			2,151,012.50	2,151,012.50		
04/30/2019					4,302,025.00	
09/01/2019			2,151,012.50	2,151,012.50		
03/01/2020			2,151,012.50	2,151,012.50		
04/30/2020					4,302,025.00	
09/01/2020			2,151,012.50	2,151,012.50		
03/01/2021			2,151,012.50	2,151,012.50		
04/30/2021					4,302,025.00	
09/01/2021			2,151,012.50	2,151,012.50		
03/01/2022			2,151,012.50	2,151,012.50		
04/30/2022					4,302,025.00	
09/01/2022	6,120,000	5.000%	2,151,012.50	8,271,012.50		
03/01/2023			1,998,012.50	1,998,012.50		
04/30/2023					10,269,025.00	
09/01/2023	6,670,000	5.000%	1,998,012.50	8,668,012.50		
03/01/2024			1,831,262.50	1,831,262.50		
04/30/2024					10,499,275.00	
09/01/2024	7,275,000	5.000%	1,831,262.50	9,106,262.50		
03/01/2025			1,649,387.50	1,649,387.50		
04/30/2025					10,755,650.00	
09/01/2025	7,895,000	5.000%	1,649,387.50	9,544,387.50		
03/01/2026			1,452,012.50	1,452,012.50		
04/30/2026					10,996,400.00	
09/01/2026	8,570,000	5.000%	1,452,012.50	10,022,012.50		
03/01/2027			1,237,762.50	1,237,762.50		
04/30/2027					11,259,775.00	
09/01/2027	9,285,000	5.000%	1,237,762.50	10,522,762.50		
03/01/2028			1,005,637.50	1,005,637.50		
04/30/2028					11,528,400.00	
09/01/2028	10,045,000	5.000%	1,005,637.50	11,050,637.50		
03/01/2029			754,512.50	754,512.50		
04/30/2029					11,805,150.00	
09/01/2029	10,795,000	** %	754,512.50	11,549,512.50		
03/01/2030			534,993.75	534,993.75		
04/30/2030					12,084,506.25	
09/01/2030	11,555,000	** %	534,993.75	12,089,993.75		
03/01/2031			280,000.00	280,000.00		
04/30/2031					12,369,993.75	
09/01/2031	5,525,000	5.000%	280,000.00	5,805,000.00		
03/01/2032			141,875.00	141,875.00		
04/30/2032					5,946,875.00	
09/01/2032	5,675,000	5.000%	141,875.00	5,816,875.00		
04/30/2033					5,816,875.00	
	89,410,000		45,169,148.47	134,579,148.47	134,579,148.47	

Note: Final

SUMMARY OF BONDS REFUNDED

Special Obligation Refunding Bonds, Series 2017C
Refund IDA KC Live 2005A

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
IDA - Tax-Exempt Revenue Bonds, Series 2005A (KC Live), 05A_IDA:					
SERIAL	12/01/2017	5.000%	1,535,000.00		
	12/01/2018	5.000%	2,400,000.00	12/01/2017	100.000
	12/01/2019	5.000%	4,080,000.00	12/01/2017	100.000
	12/01/2020	5.000%	4,500,000.00	12/01/2017	100.000
	12/01/2021	5.000%	2,940,000.00	12/01/2017	100.000
	12/01/2021	4.350%	2,000,000.00	12/01/2017	100.000
	12/01/2022	5.250%	5,410,000.00	12/01/2017	100.000
	12/01/2023	5.000%	5,925,000.00	12/01/2017	100.000
	12/01/2024	5.000%	6,475,000.00	12/01/2017	100.000
	12/01/2025	5.000%	7,040,000.00	12/01/2017	100.000
	12/01/2026	4.500%	7,655,000.00	12/01/2017	100.000
	12/01/2027	4.500%	8,270,000.00	12/01/2017	100.000
TERM32	12/01/2028	5.000%	3,540,000.00	12/01/2017	100.000
	12/01/2029	5.000%	3,820,000.00	12/01/2017	100.000
	12/01/2030	5.000%	4,110,000.00	12/01/2017	100.000
	12/01/2031	5.000%	1,740,000.00	12/01/2017	100.000
	12/01/2032	5.000%	1,790,000.00	12/01/2017	100.000
TERM322	12/01/2028	4.500%	5,380,000.00	12/01/2017	100.000
	12/01/2029	4.500%	5,800,000.00	12/01/2017	100.000
	12/01/2030	4.500%	6,245,000.00	12/01/2017	100.000
	12/01/2031	4.500%	2,680,000.00	12/01/2017	100.000
	12/01/2032	4.500%	2,705,000.00	12/01/2017	100.000
			96,040,000.00		

Note: Final

SAVINGS

Special Obligation Refunding Bonds, Series 2017C
Refund IDA KC Live 2005A

Date	Prior Debt Service	Refunding Debt Service	Savings
04/30/2018	6,143,850.00	4,039,123.47	2,104,726.53
04/30/2019	6,932,100.00	4,302,025.00	2,630,075.00
04/30/2020	8,492,100.00	4,302,025.00	4,190,075.00
04/30/2021	8,708,100.00	4,302,025.00	4,406,075.00
04/30/2022	8,923,100.00	4,302,025.00	4,621,075.00
04/30/2023	9,159,100.00	10,269,025.00	-1,109,925.00
04/30/2024	9,390,075.00	10,499,275.00	-1,109,200.00
04/30/2025	9,643,825.00	10,755,650.00	-1,111,825.00
04/30/2026	9,885,075.00	10,996,400.00	-1,111,325.00
04/30/2027	10,148,075.00	11,259,775.00	-1,111,700.00
04/30/2028	10,418,600.00	11,528,400.00	-1,109,800.00
04/30/2029	10,696,450.00	11,805,150.00	-1,108,700.00
04/30/2030	10,977,350.00	12,084,506.25	-1,107,156.25
04/30/2031	11,260,350.00	12,369,993.75	-1,109,643.75
04/30/2032	4,838,825.00	5,946,875.00	-1,108,050.00
04/30/2033	4,706,225.00	5,816,875.00	-1,110,650.00
	140,323,200.00	134,579,148.47	5,744,051.53

Savings Summary

Dated Date	03/23/2017
Delivery Date	03/23/2017
Savings PV rate	3.416278%
PV of savings from cash flow	7,419,312.33
Plus: Refunding funds on hand	1,752.13
Net PV Savings	7,421,064.46

Note: Final

ESCROW REQUIREMENTS

**Special Obligation Refunding Bonds, Series 2017C
 Refund IDA KC Live 2005A**

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Period Ending	Principal	Interest	Principal Redeemed	Total
06/01/2017		2,304,425.00		2,304,425.00
12/01/2017	1,535,000.00	2,304,425.00	94,505,000.00	98,344,425.00
	1,535,000.00	4,608,850.00	94,505,000.00	100,648,850.00

Note: Final

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 Kansas City, MO
 Combined Arbitrage Yield**



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SOURCES AND USES OF FUNDS

**Combined Series 2017B and Series 2017C
 Kansas City, MO
 Combined Arbitrage Yield**

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Dated Date 03/23/2017
 Delivery Date 03/23/2017

Sources:	Special Obligation Bonds, Series 2017B	Special Obligation Refunding Bonds, Series 2017C	Total
Bond Proceeds:			
Par Amount	19,185,000.00	89,410,000.00	108,595,000.00
Net Premium	1,342,278.30	11,240,258.05	12,582,536.35
	<u>20,527,278.30</u>	<u>100,650,258.05</u>	<u>121,177,536.35</u>
Uses:	Special Obligation Bonds, Series 2017B	Special Obligation Refunding Bonds, Series 2017C	Total
Project Fund Deposits:			
Project Fund	18,801,937.00		18,801,937.00
Refunding Escrow Deposits:			
Cash Deposit	1,509,702.83	0.57	1,509,703.40
SLGS Purchases		<u>100,022,681.00</u>	<u>100,022,681.00</u>
	<u>1,509,702.83</u>	<u>100,022,681.57</u>	<u>101,532,384.40</u>
Delivery Date Expenses:			
Cost of Issuance	150,000.00	310,000.00	460,000.00
Underwriter's Discount	61,088.08	315,824.35	376,912.43
	<u>211,088.08</u>	<u>625,824.35</u>	<u>836,912.43</u>
Other Uses of Funds:			
Additional Proceeds	4,550.39	1,752.13	6,302.52
	<u>20,527,278.30</u>	<u>100,650,258.05</u>	<u>121,177,536.35</u>

PROOF OF ARBITRAGE YIELD

**Combined Series 2017B and Series 2017C
Kansas City, MO
Combined Arbitrage Yield**

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Date	Debt Service	Total	Present Value to 03/23/2017 @ 3.1834786484%
09/01/2017	1,888,110.97	1,888,110.97	1,862,118.73
10/01/2017	2,567,137.30	2,567,137.30	2,525,142.45
03/01/2018	2,151,012.50	2,151,012.50	2,088,162.97
04/01/2018	389,846.88	389,846.88	377,461.32
09/01/2018	2,151,012.50	2,151,012.50	2,055,445.64
10/01/2018	2,614,846.88	2,614,846.88	2,492,104.55
03/01/2019	2,151,012.50	2,151,012.50	2,023,240.92
04/01/2019	334,221.88	334,221.88	313,542.54
09/01/2019	2,151,012.50	2,151,012.50	1,991,540.78
10/01/2019	2,679,221.88	2,679,221.88	2,474,069.44
03/01/2020	2,151,012.50	2,151,012.50	1,960,337.32
04/01/2020	275,596.88	275,596.88	250,506.56
09/01/2020	2,151,012.50	2,151,012.50	1,929,622.75
10/01/2020	2,210,596.88	2,210,596.88	1,977,861.90
03/01/2021	2,151,012.50	2,151,012.50	1,899,389.43
04/01/2021	227,221.88	227,221.88	200,114.32
09/01/2021	2,151,012.50	2,151,012.50	1,869,629.79
10/01/2021	1,792,221.88	1,792,221.88	1,553,679.36
03/01/2022	2,151,012.50	2,151,012.50	1,840,336.43
04/01/2022	188,096.88	188,096.88	160,506.57
09/01/2022	8,271,012.50	8,271,012.50	6,965,536.49
10/01/2022	1,833,096.88	1,833,096.88	1,539,707.58
03/01/2023	1,998,012.50	1,998,012.50	1,656,287.41
04/01/2023	146,971.88	146,971.88	121,514.66
09/01/2023	8,668,012.50	8,668,012.50	7,072,918.14
10/01/2023	656,971.88	656,971.88	534,666.31
03/01/2024	1,831,262.50	1,831,262.50	1,470,859.90
04/01/2024	139,321.88	139,321.88	111,608.42
09/01/2024	9,106,262.50	9,106,262.50	7,199,502.32
10/01/2024	664,321.88	664,321.88	523,838.97
03/01/2025	1,649,387.50	1,649,387.50	1,283,590.85
04/01/2025	128,821.88	128,821.88	99,988.60
09/01/2025	9,544,387.50	9,544,387.50	7,311,282.80
10/01/2025	678,821.88	678,821.88	518,630.78
03/01/2026	1,452,012.50	1,452,012.50	1,094,857.20
04/01/2026	117,821.88	117,821.88	88,607.40
09/01/2026	10,022,012.50	10,022,012.50	7,438,470.89
10/01/2026	692,821.88	692,821.88	512,869.95
03/01/2027	1,237,762.50	1,237,762.50	904,289.84
04/01/2027	103,446.88	103,446.88	75,378.01
09/01/2027	44,192,762.50	44,192,762.50	31,780,672.75
10/01/2027	2,673,446.88	2,673,446.88	1,917,522.33
03/01/2028	163,887.50	163,887.50	116,011.05
04/01/2028	49,046.88	49,046.88	34,627.56
09/01/2028	163,887.50	163,887.50	114,193.39
10/01/2028	49,046.88	49,046.88	34,085.01
03/01/2029	163,887.50	163,887.50	112,404.21
04/01/2029	49,046.88	49,046.88	33,550.97
09/01/2029	5,918,887.50	5,918,887.50	3,995,935.21
10/01/2029	49,046.88	49,046.88	33,025.29
03/01/2030	70,368.75	70,368.75	46,762.72
04/01/2030	49,046.88	49,046.88	32,507.85
09/01/2030	4,240,368.75	4,240,368.75	2,773,736.40
10/01/2030	49,046.88	49,046.88	31,998.52
04/01/2031	49,046.88	49,046.88	31,497.17
10/01/2031	759,046.88	759,046.88	479,811.11

PROOF OF ARBITRAGE YIELD

**Combined Series 2017B and Series 2017C
Kansas City, MO
Combined Arbitrage Yield**

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Date	Debt Service	Total	Present Value to 03/23/2017 @ 3.1834786484%
04/01/2032	36,621.88	36,621.88	22,786.83
10/01/2032	391,621.88	391,621.88	239,856.70
04/01/2033	30,187.50	30,187.50	18,199.26
10/01/2033	400,187.50	400,187.50	237,482.51
04/01/2034	23,250.00	23,250.00	13,581.03
10/01/2034	408,250.00	408,250.00	234,734.82
04/01/2035	15,790.63	15,790.63	8,937.01
10/01/2035	415,790.63	415,790.63	231,637.70
04/01/2036	8,040.63	8,040.63	4,409.27
10/01/2036	423,040.63	423,040.63	228,349.37
	154,311,429.69	154,311,429.69	121,177,536.35

Proceeds Summary

Delivery date	03/23/2017
Par Value	108,595,000.00
Premium (Discount)	12,582,536.35
Target for yield calculation	121,177,536.35

PROOF OF ARBITRAGE YIELD

**Combined Series 2017B and Series 2017C
Kansas City, MO
Combined Arbitrage Yield**

Assumed Call/Computation Dates for Premium Bonds

Bond Component	Maturity Date	Rate	Yield	Call Date	Call Price	Yield To Call/Maturity
SERIAL	10/01/2028	4.000%	3.320%	10/01/2027	100.000	3.3200836%
SERIAL	10/01/2029	4.000%	3.480%	10/01/2027	100.000	3.4800189%
SERIAL	10/01/2030	4.000%	3.570%	10/01/2027	100.000	3.5700678%
SERIAL	09/01/2028	5.000%	3.300%	09/01/2027	100.000	3.3004857%
SERIAL	09/01/2029	5.000%	3.390%	09/01/2027	100.000	3.3905183%
SERIAL	09/01/2030	5.000%	3.460%	09/01/2027	100.000	3.4605483%
SERIAL	09/01/2031	5.000%	3.530%	09/01/2027	100.000	3.5305321%
SERIAL	09/01/2032	5.000%	3.610%	09/01/2027	100.000	3.6105260%

Rejected Call/Computation Dates for Premium Bonds

Bond Component	Maturity Date	Rate	Yield	Call Date	Call Price	Yield To Call/Maturity	Increase to Yield
SERIAL	10/01/2028	4.000%	3.320%			3.3677403%	0.0476567%
SERIAL	10/01/2029	4.000%	3.480%			3.5469572%	0.0669383%
SERIAL	10/01/2030	4.000%	3.570%			3.6468155%	0.0767477%
SERIAL	09/01/2028	5.000%	3.300%			3.4150273%	0.1145416%
SERIAL	09/01/2029	5.000%	3.390%			3.5895985%	0.1990801%
SERIAL	09/01/2030	5.000%	3.460%			3.7243693%	0.2638210%
SERIAL	09/01/2031	5.000%	3.530%			3.8423759%	0.3118438%
SERIAL	09/01/2032	5.000%	3.610%			3.9544528%	0.3439267%

FORM 8038 STATISTICS

**Combined Series 2017B and Series 2017C
Kansas City, MO
Combined Arbitrage Yield**

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Dated Date 03/23/2017
Delivery Date 03/23/2017

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Kansas City, MO, Serial Bond:						
	10/01/2017	2,105,000.00	5.000%	102.131	2,149,857.55	2,105,000.00
	10/01/2018	2,225,000.00	5.000%	105.449	2,346,240.25	2,225,000.00
	10/01/2019	2,345,000.00	5.000%	108.501	2,544,348.45	2,345,000.00
	10/01/2020	1,935,000.00	5.000%	111.018	2,148,198.30	1,935,000.00
	10/01/2021	1,565,000.00	5.000%	112.909	1,767,025.85	1,565,000.00
	09/01/2022	6,120,000.00	5.000%	113.892	6,970,190.40	6,120,000.00
	10/01/2022	1,645,000.00	5.000%	114.037	1,875,908.65	1,645,000.00
	09/01/2023	6,670,000.00	5.000%	114.781	7,655,892.70	6,670,000.00
	10/01/2023	510,000.00	3.000%	102.930	524,943.00	510,000.00
	09/01/2024	7,275,000.00	5.000%	115.186	8,379,781.50	7,275,000.00
	10/01/2024	525,000.00	4.000%	108.512	569,688.00	525,000.00
	09/01/2025	7,895,000.00	5.000%	115.456	9,115,251.20	7,895,000.00
	10/01/2025	550,000.00	4.000%	108.017	594,093.50	550,000.00
	09/01/2026	8,570,000.00	5.000%	115.709	9,916,261.30	8,570,000.00
	10/01/2026	575,000.00	5.000%	115.740	665,505.00	575,000.00
	09/01/2027	9,285,000.00	5.000%	116.057	10,775,892.45	9,285,000.00
	10/01/2027	600,000.00	5.000%	116.069	696,414.00	600,000.00
	09/01/2028	10,045,000.00	5.000%	114.907	11,542,408.15	10,045,000.00
	10/01/2028	630,000.00	4.000%	105.996	667,774.80	630,000.00
	09/01/2029	5,755,000.00	3.250%	96.611	5,559,963.05	5,755,000.00
	09/01/2029	5,040,000.00	5.000%	114.053	5,748,271.20	5,040,000.00
	10/01/2029	655,000.00	4.000%	104.548	684,789.40	655,000.00
	09/01/2030	4,170,000.00	3.375%	96.581	4,027,427.70	4,170,000.00
	09/01/2030	7,385,000.00	5.000%	113.394	8,374,146.90	7,385,000.00
	10/01/2030	685,000.00	4.000%	103.743	710,639.55	685,000.00
	09/01/2031	5,525,000.00	5.000%	112.740	6,228,885.00	5,525,000.00
	10/01/2031	710,000.00	3.500%	97.548	692,590.80	710,000.00
	09/01/2032	5,675,000.00	5.000%	111.998	6,355,886.50	5,675,000.00
	10/01/2032	355,000.00	3.625%	97.617	346,540.35	355,000.00
	10/01/2033	370,000.00	3.750%	97.707	361,515.90	370,000.00
	10/01/2034	385,000.00	3.875%	98.683	379,929.55	385,000.00
Kansas City, MO, Term Bond:						
	10/01/2035	400,000.00	3.875%	98.316	393,264.00	400,000.00
	10/01/2036	415,000.00	3.875%	98.316	408,011.40	415,000.00
		108,595,000.00			121,177,536.35	108,595,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	10/01/2036	3.875%	408,011.40	415,000.00		
Entire Issue			121,177,536.35	108,595,000.00	9.8421	3.1835%

FORM 8038 STATISTICS

**Combined Series 2017B and Series 2017C
Kansas City, MO
Combined Arbitrage Yield**

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Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	836,912.43
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	1,509,702.83
Proceeds used to advance refund prior issues	100,022,681.57
Remaining weighted average maturity of the bonds to be currently refunded	0.1889
Remaining weighted average maturity of the bonds to be advance refunded	9.3013

FORM 8038 STATISTICS

Combined Series 2017B and Series 2017C
Kansas City, MO
Combined Arbitrage Yield

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
IDA - Tax-Exempt Revenue Bonds, Series 2005A (KC Live):					
SERIAL	12/01/2017	1,535,000.00	5.000%	108.050	1,658,567.50
SERIAL	12/01/2018	2,400,000.00	5.000%	107.607	2,582,568.00
SERIAL	12/01/2019	4,080,000.00	5.000%	107.255	4,376,004.00
SERIAL	12/01/2020	4,500,000.00	5.000%	106.903	4,810,635.00
SERIAL	12/01/2021	2,940,000.00	5.000%	106.466	3,130,100.40
SERIAL	12/01/2021	2,000,000.00	4.350%	99.786	1,995,720.00
SERIAL	12/01/2022	5,410,000.00	5.250%	108.301	5,859,084.10
SERIAL	12/01/2023	5,925,000.00	5.000%	105.944	6,277,182.00
SERIAL	12/01/2024	6,475,000.00	5.000%	105.771	6,848,672.25
SERIAL	12/01/2025	7,040,000.00	5.000%	105.598	7,434,099.20
SERIAL	12/01/2026	7,655,000.00	4.500%	98.594	7,547,370.70
SERIAL	12/01/2027	8,270,000.00	4.500%	98.420	8,139,334.00
TERM32	12/01/2028	3,540,000.00	5.000%	105.081	3,719,867.40
TERM32	12/01/2029	3,820,000.00	5.000%	105.081	4,014,094.20
TERM32	12/01/2030	4,110,000.00	5.000%	105.081	4,318,829.10
TERM32	12/01/2031	1,740,000.00	5.000%	105.081	1,828,409.40
TERM32	12/01/2032	1,790,000.00	5.000%	105.081	1,880,949.90
TERM322	12/01/2028	5,380,000.00	4.500%	97.336	5,236,676.80
TERM322	12/01/2029	5,800,000.00	4.500%	97.336	5,645,488.00
TERM322	12/01/2030	6,245,000.00	4.500%	97.336	6,078,633.20
TERM322	12/01/2031	2,680,000.00	4.500%	97.336	2,608,604.80
TERM322	12/01/2032	2,705,000.00	4.500%	97.336	2,632,938.80
		<u>96,040,000.00</u>			<u>98,623,828.75</u>
Sp Obl - Special Obligation Bond Anticipation Bonds, Series 2014D:					
BOND	06/01/2017	1,504,000.00	1.208%	100.000	1,504,000.00
		<u>97,544,000.00</u>			<u>100,127,828.75</u>

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
IDA - Tax-Exempt Revenue Bonds, Series 2005A (KC Live)	12/01/2017	06/06/2007	9.3013
Sp Obl - Special Obligation Bond Anticipation Bonds, Series 2014D	03/24/2017	06/04/2014	0.1889
All Refunded Issues	12/01/2017		9.1645

ESCROW STATISTICS

Combined Series 2017B and Series 2017C
Kansas City, MO
Combined Arbitrage Yield

Escrow	Total Escrow Cost	Modified Duration (years)	PV of 1 bp change	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Special Obligation Bonds, Series 2017B:								
BP	1,509,702.83					1,509,702.83		
Special Obligation Refunding Bonds, Series 2017C:								
BP	100,022,681.57	0.674	6,743.89	0.923384%	0.923384%	98,501,055.91	1,521,625.64	0.02
	101,532,384.40		6,743.89			100,010,758.74	1,521,625.64	0.02

Delivery date 03/23/2017
Arbitrage yield 3.183479%

PROOF OF COMPOSITE ESCROW YIELD

**Combined Series 2017B and Series 2017C
Kansas City, MO
Combined Arbitrage Yield**

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All restricted escrows funded by bond proceeds

Date	Security Receipts	Present Value to 03/23/2017 @ 0.9233842757%
06/01/2017	2,304,425.31	2,300,418.74
12/01/2017	98,344,424.12	97,722,262.26
	100,648,849.43	100,022,681.00

Escrow Cost Summary

Purchase date	03/23/2017
Purchase cost of securities	100,022,681.00
Target for yield calculation	100,022,681.00

SOURCES AND USES OF FUNDS

**Special Obligation Refunding Bonds, Series 2017C
Refund IDA KC Live 2005A**

=====

Dated Date 03/23/2017
Delivery Date 03/23/2017

Sources:

Bond Proceeds:	
Par Amount	89,410,000.00
Net Premium	11,240,258.05
	100,650,258.05

Uses:

Refunding Escrow Deposits:	
Cash Deposit	0.57
SLGS Purchases	100,022,681.00
	100,022,681.57
Delivery Date Expenses:	
Cost of Issuance	310,000.00
Underwriter's Discount	315,824.35
	625,824.35
Other Uses of Funds:	
Additional Proceeds	1,752.13
	100,650,258.05

Note: Final

FORM 8038 STATISTICS

**Special Obligation Refunding Bonds, Series 2017C
 Refund IDA KC Live 2005A**

=====

Dated Date 03/23/2017
 Delivery Date 03/23/2017

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bonds:						
	09/01/2022	6,120,000.00	5.000%	113.892	6,970,190.40	6,120,000.00
	09/01/2023	6,670,000.00	5.000%	114.781	7,655,892.70	6,670,000.00
	09/01/2024	7,275,000.00	5.000%	115.186	8,379,781.50	7,275,000.00
	09/01/2025	7,895,000.00	5.000%	115.456	9,115,251.20	7,895,000.00
	09/01/2026	8,570,000.00	5.000%	115.709	9,916,261.30	8,570,000.00
	09/01/2027	9,285,000.00	5.000%	116.057	10,775,892.45	9,285,000.00
	09/01/2028	10,045,000.00	5.000%	114.907	11,542,408.15	10,045,000.00
	09/01/2029	5,755,000.00	3.250%	96.611	5,559,963.05	5,755,000.00
	09/01/2029	5,040,000.00	5.000%	114.053	5,748,271.20	5,040,000.00
	09/01/2030	4,170,000.00	3.375%	96.581	4,027,427.70	4,170,000.00
	09/01/2030	7,385,000.00	5.000%	113.394	8,374,146.90	7,385,000.00
	09/01/2031	5,525,000.00	5.000%	112.740	6,228,885.00	5,525,000.00
	09/01/2032	5,675,000.00	5.000%	111.998	6,355,886.50	5,675,000.00
		89,410,000.00			100,650,258.05	89,410,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	09/01/2032	5.000%	6,355,886.50	5,675,000.00		
Entire Issue			100,650,258.05	89,410,000.00	10.5313	3.2100%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	625,824.35
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	0.00
Proceeds used to advance refund prior issues	100,022,681.57
Remaining weighted average maturity of the bonds to be currently refunded	0.0000
Remaining weighted average maturity of the bonds to be advance refunded	9.3013

Note: Final

FORM 8038 STATISTICS

Special Obligation Refunding Bonds, Series 2017C
Refund IDA KC Live 2005A

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
IDA - Tax-Exempt Revenue Bonds, Series 2005A (KC Live):					
SERIAL	12/01/2017	1,535,000.00	5.000%	108.050	1,658,567.50
SERIAL	12/01/2018	2,400,000.00	5.000%	107.607	2,582,568.00
SERIAL	12/01/2019	4,080,000.00	5.000%	107.255	4,376,004.00
SERIAL	12/01/2020	4,500,000.00	5.000%	106.903	4,810,635.00
SERIAL	12/01/2021	2,940,000.00	5.000%	106.466	3,130,100.40
SERIAL	12/01/2021	2,000,000.00	4.350%	99.786	1,995,720.00
SERIAL	12/01/2022	5,410,000.00	5.250%	108.301	5,859,084.10
SERIAL	12/01/2023	5,925,000.00	5.000%	105.944	6,277,182.00
SERIAL	12/01/2024	6,475,000.00	5.000%	105.771	6,848,672.25
SERIAL	12/01/2025	7,040,000.00	5.000%	105.598	7,434,099.20
SERIAL	12/01/2026	7,655,000.00	4.500%	98.594	7,547,370.70
SERIAL	12/01/2027	8,270,000.00	4.500%	98.420	8,139,334.00
TERM32	12/01/2028	3,540,000.00	5.000%	105.081	3,719,867.40
TERM32	12/01/2029	3,820,000.00	5.000%	105.081	4,014,094.20
TERM32	12/01/2030	4,110,000.00	5.000%	105.081	4,318,829.10
TERM32	12/01/2031	1,740,000.00	5.000%	105.081	1,828,409.40
TERM32	12/01/2032	1,790,000.00	5.000%	105.081	1,880,949.90
TERM322	12/01/2028	5,380,000.00	4.500%	97.336	5,236,676.80
TERM322	12/01/2029	5,800,000.00	4.500%	97.336	5,645,488.00
TERM322	12/01/2030	6,245,000.00	4.500%	97.336	6,078,633.20
TERM322	12/01/2031	2,680,000.00	4.500%	97.336	2,608,604.80
TERM322	12/01/2032	2,705,000.00	4.500%	97.336	2,632,938.80
					98,623,828.75

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
IDA - Tax-Exempt Revenue Bonds, Series 2005A (KC Live)	12/01/2017	06/06/2007	9.3013
All Refunded Issues	12/01/2017		9.3013

Note: Final

EXHIBIT C

DESCRIPTION OF FINANCED FACILITIES

Kansas City Downtown Redevelopment District Project – The Kansas City Downtown Redevelopment District project refinanced with proceeds of the Series 2017C Bonds was the funding of certain costs in connection with the creation and establishment of the City’s Downtown Redevelopment District, including site acquisition, relocation of existing businesses, utility relocations, public improvements to the streets, sidewalks and utilities and the development of several parking facilities.

The average remaining reasonably expected economic life of the Kansas City Downtown Redevelopment District project (not limited to that portion financed with proceeds of the Series 2005A Bonds) is set forth on the spread sheet attached hereto.

[SEE SPREADSHEET]

City of Kansas City, Missouri
Special Obligation Refunding Bonds
(Kansas City Downtown Redevelopment District), Series 2017C
Average Economic Life of Financed Facilities [1]

Financed Facilities	(A)					(B)	
	Issue Date or Placed in Service Date [2]	Original Bond Proceeds Allocated	Economic Life in Years [3]	Original Time Elapsed in Years	Remaining Economic Life in Years [4]	Weighted Cost	
Series 2014C Financed Facilities							
Kansas City Downtown Redevelopment District							
Cordish Costs Summary							
First Phase Pre-Construction Costs	6/1/2008	14,860,609.33	40.000	8.814	31.186	463,447,441	
Retail Construction Support	6/1/2008	52,023,952.81	40.000	8.814	31.186	1,622,434,671	
Garage Development	6/1/2008	60,599,341.64	40.000	8.814	31.186	1,889,869,331	
Residential Construction Support	6/1/2008	2,863,986.34	40.000	8.814	31.186	89,317,141	
Grocery Construction Support	6/1/2008	1,750,000.00	40.000	8.814	31.186	54,576,027	
Streetscape	6/1/2008	3,661,327.20	25.000	8.814	16.186	59,263,345	
Block 124 Retail Structures	6/1/2008	4,696,000.00	40.000	8.814	31.186	146,450,871	
Block 124 Autocourt	6/1/2008	255,678.60	40.000	8.814	31.186	7,973,670	
Midland/Empire	6/1/2008	10,221,968.15	40.000	8.814	31.186	318,785,379	
Claims Settlement [5]	6/1/2008	0.00				0	
Public Costs Summary							
Property Acquisition & Preparation [6]	6/1/2008	0.00				0	
Streetscape	6/1/2008	2,517.00	25.000	8.814	16.186	40,741	
Public Improvements	6/1/2008	40,941,364.03	25.000	8.814	16.186	662,689,257	
Block 125 Elevator	6/1/2008	113,688.14	40.000	8.814	31.186	3,545,513	
HRB Interim Parking	6/1/2008	130,368.00	40.000	8.814	31.186	4,065,696	
Telecommunications Conduit	6/1/2008	3,038,045.30	25.000	8.814	16.186	49,174,717	
City Pre-Development Soft Costs [5]	6/1/2008	0.00				0	
Contingency [5]	6/1/2008	0.00				0	
Total		195,158,846.54				5,371,633,800	

Date for Average Economic Life Calculation **3/23/2017**
120% of Average Economic Life of Financed Facilities (120% * (B ÷ A)) **33.029302**

Notes:

- [1] Includes costs of all facilities or other property constituting the facilities that are expected to be financed or refinanced with proceeds received from the sale of the captioned obligations (including investment earnings thereon). The term "Average Economic Life" means the average reasonably expected economic life of the facilities as defined in Section 147(b) of the Code. With respect to machinery, equipment and other tangible depreciable property (other than buildings or structural components), the midpoint class life which would be applicable with respect to such property under Section 167(m) of the Code determined without regard to paragraph (4) thereof applies as if the organization had made an election under such Section. With respect to buildings and other structural improvements, the guideline life for such property determined under Rev. Proc. 62-21, 1962-2 C.B. 418 (and subsequent guidance, including Rev. Proc. 87-56, 1987-2 C.B. 674) applies.
- [2] The later of the issue date of the obligations issued to originally finance the facility or the placed-in-service date of the facility. For simplicity purposes, it may be assumed that a facility is placed in service on the issue date of the obligations issued to originally finance the facility.
- [3] Facilities given an original economic life of 40 years include only property that constitutes a building or an integral part thereof, which integral part (a) is not removable without damage to such part of the building of which it is a part and (b) is not to be used with respect to, or designed to permit or facilitate the operation of, any particular piece of equipment or non-real property.
- [4] The remaining economic life in years for each financed or refinanced facility was computed by subtracting (a) the period of years between the issue date or placed in service date of such facility and the date for the Average Economic Life calculation from (b) the original economic life of the facility.
- [5] Soft costs are not taken into account for purposes of calculating the Average Economic Life of the financed facilities. Proceeds of the bonds that financed the financed facilities in the amount of approximately \$5,136,037.43 were allocated to soft costs and unspecified contingency.
- [6] Land is not taken into account for purposes of calculating the Average Economic Life of financed and financed facilities unless 25% or more of the net proceeds of the issue are used to finance the land, in which case an economic life of 30 years is assigned to the land, as required by Section 147(b)(3)(B) of the Code. Proceeds of the bonds that originally financed the facilities in the amount of approximately \$62,136,654.69, approximately 23.67% of the total project cost originally financed with proceeds of such bonds, were allocated to the financing of land, which is less than 25% of the net proceeds of the bonds that originally financed the project.

EXHIBIT D

REFUNDED SERIES 2005A BONDS

MATURITY DECEMBER 1	PRINCIPAL AMOUNT	INTEREST RATE
2017	\$ 1,535,000	5.000%
2018	2,400,000	5.000%
2019	4,080,000	5.000%
2020	4,500,000	5.000%
2021	2,940,000	5.000%
2021	2,000,000	4.350%
2022	5,410,000	5.250%
2023	5,925,000	5.000%
2024	6,475,000	5.000%
2025	7,040,000	5.000%
2026	7,655,000	4.500%
2027	8,270,000	4.500%
2028 ¹	3,540,000	5.000%
2028 ²	5,380,000	4.500%
2029 ¹	3,820,000	5.000%
2029 ²	5,800,000	4.500%
2030 ¹	4,110,000	5.000%
2030 ²	6,245,000	4.500%
2031 ¹	1,740,000	5.000%
2031 ²	2,680,000	4.500%
2032 ¹	1,790,000	5.000%
2032 ²	2,705,000	4.500%

¹ Sinking fund payment for Term Bond maturing on December 1, 2032 and bearing interest at a rate of 5.00%

² Sinking fund payment for Term Bond maturing on December 1, 2032 and bearing interest at a rate of 4.50%

EXHIBIT E

ANNUAL COMPLIANCE CHECKLIST

Name of tax-exempt bonds (“Bonds”) financing Financed Facilities:	Special Obligation Refunding Bonds (Kansas City Downtown Development District) Series 2017C
Issue Date of Bonds:	March 23, 2017
Placed in service date of Financed Facilities:	_____
Name of Bond Compliance Officer:	_____
Period covered by request (“Annual Period”):	_____

Item	Question	Response
1 Source of Payment for Bonds	During the Annual Period, was any debt service on the Series 2017C Bonds paid from any other source of revenues than the DESA Revenues and TIF Revenues identified in the Indenture and annual appropriations of the Issuer?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If Yes, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

2 Arbitrage & Rebate	Have all rebate and yield reduction calculations mandated in the Tax Compliance Agreement been prepared for the current year?	<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: _____

RESOLUTION NO. 2543

RESOLUTION ACKNOWLEDGING THE REFUNDING AND REDEMPTION OF CERTAIN INFRASTRUCTURE FACILITIES REVENUE BONDS (KANSAS CITY, MISSOURI – UPTOWN THEATER AND MIDTOWN REDEVELOPMENT PROJECTS) SERIES 2007A (THE “SERIES 2007A BONDS”) ISSUED BY THE AUTHORITY AND APPROVING CERTAIN ACTIONS IN CONNECTION THEREWITH.

WHEREAS, The Industrial Development Authority of the City of Kansas City, Missouri (the “Authority”) is authorized and empowered under the provisions of the Industrial Development Corporations Act, Chapter 349 of the Missouri Revised Statutes, as amended (the “Act”), to purchase, construct, extend and improve certain projects (as defined in the Act) for the purposes set forth in the Act and to issue revenue bonds for the purpose of (i) providing funds to pay the costs of such projects and to lease, assign or sell such projects to others upon such terms and conditions as the Authority shall deem advisable, or (ii) loaning the proceeds from the sale of such bonds to others upon such terms and conditions as the Authority shall deem advisable to provide funds to pay the costs of such projects; and

WHEREAS, the Authority has previously issued \$47,705,000 Infrastructure Facilities Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A; and

WHEREAS, the City intends to issue its Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D to effect a current refunding of the \$17,425,000 principal amount of the outstanding Series 2007A Bonds maturing on and after April 1, 2018 (the “Refunded Series 2007A Bonds”); and

WHEREAS, the Authority finds and determines that it is necessary and desirable in connection with the redemption of the Series 2007A Bonds that the Authority take certain actions and prove certain notices as required under the previous Indenture as herein provided;

NOW, THEREFORE, BE IT RESOLVED BY BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF KANSAS CITY, MISSOURI, AS FOLLOWS:

Section 1. Execution of Documents. The Chairman, the President, any Vice President or the Executive Director of the Authority are hereby authorized and directed to execute any notice or execute and deliver any documents, including any Notice of Redemption, reasonably required in connection with the redemption of the Refunded Series 2007A Bonds.

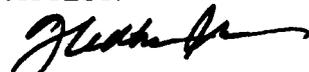
Section 2. Further Authority. The Authority shall, and the officers, agents and employees of the Authority are hereby authorized and directed to, take such further action, and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution and to carry out, comply with and perform the duties of the Authority with respect to this transaction.

Section 3. Effective Date. This Resolution shall take effect and be in full force immediately after its adoption by the Authority.

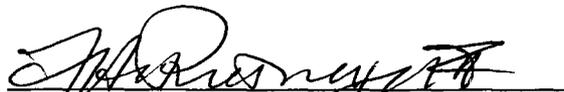
ADOPTED by the Board of Directors of The Industrial Development Authority of the City of Kansas City, Missouri this 15th day of February, 2017.

(SEAL)

ATTEST:


Assistant Secretary




Frederick H. Riesmeyer, II, Chairman

RESOLUTION NO. 2-16-17

A RESOLUTION TO ASSIST THE CITY OF KANSAS CITY, MISSOURI, IN THE ISSUANCE OF SPECIAL OBLIGATION AND REFUNDING BONDS (KANSAS CITY, MISSOURI PROJECTS) SERIES 2017D AND APPROVE A COOPERATIVE AGREEMENT BETWEEN THE CITY OF KANSAS CITY, MISSOURI AND THE TAX INCREMENT FINANCING COMMISSION OF KANSAS CITY, MISSOURI IN CONNECTION WITH THE MIDTOWN TAX INCREMENT FINANCING PLAN

WHEREAS, the Tax Increment Financing Commission of Kansas City, Missouri (the "Commission"), was created pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865 of the Revised Statutes of Missouri, 1986, as amended (the "Act"), and by Ordinance No. 54556 of the City Council of Kansas City, Missouri, adopted on November 24, 1982, and amended by Ordinance No. 911076 adopted on August 29, 1991; by Ordinance No. 100089, as amended, adopted on January 28, 2010; by Committee Substitute for Ordinance No. 130986, adopted on December 19, 2013; and by Committee Substitute for Ordinance No. 140823, as amended, adopted on June 13, 2015; and

WHEREAS, the City Council (the "City Council") by Ordinance Number 941127 on April 1, 1993, approved the Midtown Tax Increment Financing Plan, which was subsequently amended by the City Council's passage of a series of Ordinances (collectively, the "Plan"); and

WHEREAS, the Plan provides for the financing of certain improvements identified by the Plan from Economic Activity Tax Revenues ("EATS") and Payments in Lieu of Taxes ("PILOTS") (as defined within the Act) generated within the Redevelopment Area described by the Plan; and

WHEREAS, at the request of the City of Kansas City, Missouri (the "City") and with the assistance of the Commission, The Industrial Development Authority of the City of Kansas City, Missouri (the "Authority") issued its \$47,705,000 Infrastructure Facilities Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the "Series 2007A Bonds") to provide funds to refund two prior series of bonds issued by the Missouri Development Finance Board (the "Board"), including its then outstanding Infrastructure Facilities Revenue Bonds (Kansas City, Missouri - Midtown Redevelopment Project) Series 2000A (the "Series 2000A Midtown Bonds"), which were issued by the Board to finance and refinance certain improvements contemplated by the Plan; and

WHEREAS, the Authority, the City and the Commission entered into a Financing Agreement dated as of March 1, 2007 (the "2007A Financing Agreement"), wherein, among other things, the Commission agreed to assign certain PILOTS and EATS generated within the Redevelopment Project Areas described by the Plan to the City in connection with that portion of the Series 2007A Bonds allocable to the Redevelopment Project Costs identified by the Plan; and

WHEREAS, the City has requested that the Commission support and assist it in its issuance of Special Obligation and Refunding Bonds (Kansas City, Missouri Projects), Series 2017D (the "Series 2017D Bonds") pursuant to that certain Trust Indenture (the "Trust Indenture"), dated March 1, 2017, by and between the City and UMB Bank, N.A., as trustee (the "Trustee") so that a portion of the proceeds from the sale of such Bonds may be used (a) to refund the \$17,425,000 Outstanding Series 2007A Bonds and (b) to pay certain costs related to the issuance of the 2017D Bonds by approving and entering into a Cooperative Agreement with the City, and which provides, inter alia, for the Commission to transfer to the Trustee PILOTS and EATS generated and collected from the Redevelopment Project Areas identified by the Plan; and

WHEREAS, the Commission desires (1) assist and support the City in its issuance of the 2017D Bonds so that a portion of the proceeds from sale of such Bonds may be used (a) to refund the \$17,425,000 Outstanding Series 2007A Bonds and (b) to pay certain costs related to the issuance of the 2017D Bonds and (2) approve the form of the Cooperative Agreement, attached to this Resolution, and such other certificates and instruments approved by the Chair and legal counsel in connection with the City's issuance of the 2017D Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE TAX INCREMENT FINANCING COMMISSION OF KANSAS CITY, MISSOURI, AS FOLLOWS:

Section 1. Authorization and Approval of Cooperative Agreement. The Cooperative Agreement (the "Cooperative Agreement"), between the Commission and the City is hereby approved in substantially the form attached as Exhibit A to this Resolution (a copy of which shall be filed in the records of the Commission), and the Commission is hereby authorized to execute and deliver the Cooperative Agreement with such changes therein as shall be approved by legal counsel to the Commission and the officials of the Commission executing the Cooperative Agreement, such officials' signatures thereon being conclusive evidence of their approval and the Commission's approval thereof.

Section 2. Execution of Documents. The Chair, Vice Chair or Executive Director are hereby authorized and directed to execute and deliver the Financing Agreement and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution for and on behalf of and as the act and deed of the Commission. The Secretary or Assistant Secretary is hereby authorized and directed to attest to the Financing Agreement and to such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

Section 3. Further Authority. The Commission shall, and the officials, agents and employees of the Commission are hereby authorized and directed to, take such further action, and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution, and to carry out, comply with and perform the duties of the Commission with respect to the Financing Agreement and the transactions contemplated thereby.

Section 4. Effective Date. This Resolution shall be in full force and effect from and after its passage.

ADOPTED by the Tax Increment Financing Commission of Kansas City, Missouri this 8th day of February, 2017.



TAX INCREMENT FINANCING COMMISSION OF
KANSAS CITY, MISSOURI

By: _____

Cynthia M. Circo, Chair

ATTEST:

Heather A. Brown, Secretary

Execution copy

COOPERATIVE AGREEMENT

between

CITY OF KANSAS CITY, MISSOURI,
as Issuer

and

**THE TAX INCREMENT FINANCING COMMISSION
OF KANSAS CITY, MISSOURI,**
as Commission

relating to

\$16,185,000
Special Obligation Refunding Bonds
(Midtown Redevelopment Project)
Series 2017D

Dated as of March 1, 2017

Certain rights, title and interest of the City of Kansas City, Missouri in this Cooperative Agreement have been pledged and assigned to UMB Bank, N.A., Kansas City, Missouri, as Trustee under a Trust Indenture dated as of March 1, 2017, between the Issuer and the Trustee.

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COOPERATIVE AGREEMENT

THIS COOPERATIVE AGREEMENT, dated as of March 1, 2017 (the “Agreement”), between the **CITY OF KANSAS CITY, MISSOURI**, a constitutional charter city and political subdivision of the State of Missouri (the “Issuer” or the “City”), and the **TAX INCREMENT FINANCING COMMISSION OF KANSAS CITY, MISSOURI**, a commission established by the Issuer (the “Commission”);

WITNESSETH:

WHEREAS, the Commission is authorized and empowered under the Real Property Tax Increment Financing Allocation Redevelopment Act, Sections 99.800 to 99.865, inclusive, of the Revised Statutes of Missouri, as amended (the “TIF Act”), to pay for “Redevelopment Project Costs” as defined in the TIF Act; and

WHEREAS, the Issuer, by Committee Substitute for Ordinance No. 930666 passed by the City Council on April 1, 1993, as amended by Ordinance No. 941127 passed on August 25, 1994, approved by the Midtown Redevelopment Tax Increment Financing Plan pursuant to the TIF Act and the Issuer has further amended the original Midtown Redevelopment Tax Increment Financing Plan pursuant to Ordinance No. 950731 passed on June 8, 1995; Committee Substitute for Ordinance No. 991390 passed on November 23, 1999; Committee Substitute for Ordinance No. 001466, as amended, passed on May 3, 2001; and Committee Substitute for Ordinance No. 070234 passed on March 8, 2017 (collectively, the “Midtown Redevelopment Plan”); and

WHEREAS, the Issuer, by Committee Substitute for Ordinance No. 930064 passed by the City Council on October 27, 1994, approved the Linwood Corridor Project (as described in Exhibit 1 of the Midtown Redevelopment Plan) and adopted tax increment financing in the area described therein to become effective at a future date; and

WHEREAS, the Issuer, by Committee Substitute for Ordinance No. 930065 passed by the City Council on October 27, 1994, approved the 40th and Mill Project (as described in Exhibit 1 of the Midtown Redevelopment Plan) and adopted tax increment financing in the area described therein to become effective at a future date; and

WHEREAS, the Issuer, by Ordinance No. 950729 passed by the City Council on June 8, 1995, amended the legal description of the 40th and Mill Project, attached hereto as Exhibit A, and adopted tax increment financing in the amended area described therein to become effective at a future date; and

WHEREAS, tax increment financing became effective for the 40th and Mill Project by notice from the Commission to the Issuer dated July 25, 1995 and received by the City Clerk on August 14, 1995; and

WHEREAS, the Issuer, by Ordinance No. 950730 passed by the City Council on June 8, 1995, amended the legal description of the Linwood Corridor Project, attached hereto as Exhibit A, and adopted tax increment financing in the amended area described therein to become effective at a future date; and

WHEREAS, tax increment financing became effective for the Linwood Corridor Project by notice from the Commission to the Issuer dated April 12, 2000, and received by the City Clerk on April 17, 2000; and

WHEREAS, at the request of the Issuer, The Industrial Development Authority of the City of Kansas City, Missouri (the “Authority”) and the Commission assisted the Issuer in refunding prior series of bonds issued by the Missouri Development Finance Board (the “Board”), and the Authority previously

issued its \$47,705,000 Infrastructure Facilities Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the “Series 2007A Bonds”) to provide funds to refund two prior series of bonds issued by the Board, including its then outstanding Infrastructure Facilities Revenue Bonds (Kansas City, Missouri - Midtown Redevelopment Project) Series 2000A (the “Series 2000A Midtown Bonds”), which were issued by the Board to finance and refinance that certain redevelopment project authorized by the Midtown Redevelopment Plan (the “Midtown Redevelopment Project”); and

WHEREAS, the Authority, the Issuer and the Commission previously entered into a Financing Agreement dated as of March 1, 2007 (the “2007A Financing Agreement”), wherein, among other things, the Commission agreed to assign certain Incremental Tax Revenues (as defined therein) to the Issuer in connection with that portion of the Series 2007A Bonds allocable to the Midtown Redevelopment Project, which 2007A Financing Agreement is being replaced by this Agreement; and

WHEREAS, the governing body of the Issuer passed and approved an Ordinance on February 23, 2017, authorizing the Issuer to issue its Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D (the “Series 2017D Bonds” or the “Bonds”) in the original aggregate principal amount of \$16,185,000 pursuant to a Trust Indenture dated as of March 1, 2017 (the “Indenture”) by and between the Issuer and UMB Bank, N.A. (the “Trustee”) to provide funds (a) to refund the \$17,425,000 Outstanding Series 2007A Bonds maturing in the years 2018 through 2022 (the “Refunded Bonds”) and (b) to pay certain costs related to the issuance of the Bonds, all as more fully described herein; and

WHEREAS, the Issuer has requested that the Commission assist in the refunding of the Refunded Bonds; and

WHEREAS, the Commission by Resolution No. 2-16-17 passed on February 8, 2017, authorized the execution and delivery of this Agreement; and

WHEREAS, pursuant to the foregoing, the Issuer desires to issue the Series 2017D Bonds for the purpose of providing funds to (a) refund the Refunded Bonds and (b) pay certain costs related to the issuance of the Series 2017D Bonds, and the Commission agrees to assign certain Incremental Tax Revenues to the Issuer;

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

ARTICLE I

DEFINITIONS

Section 1.01. Definitions of Words and Terms. Capitalized terms not defined in this Agreement shall have the meanings set forth in the Indenture. In addition, the following words shall have the following meanings:

“*Agreement*” means this Agreement dated as of March 1, 2017.

“*Midtown Redevelopment Project Special Allocation Fund*” means the fund(s) created by the Commission or Issuer in which Incremental Tax Revenues, when collected, shall be deposited.

Section 1.02. Rules of Interpretation. For all purposes of this 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 generally accepted principles of accounting.

ARTICLE II

REPRESENTATIONS

Section 2.01. Representations by the Issuer. The Issuer represents and warrants to the Commission as follows:

(a) ***Organization and Authority.*** The Issuer (i) is a constitutional charter city and political subdivision duly organized and validly existing under the laws of the State of Missouri, (ii) has lawful power and authority to enter into, execute and deliver this Agreement and to carry out its obligations hereunder and thereunder and (iii) by all necessary action has been duly authorized to execute and deliver this Agreement, acting by and through its duly authorized officers.

(b) ***No Defaults or Violations of Law.*** The execution and delivery of this Agreement by the Issuer 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 Issuer 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 Issuer or its property.

(c) ***Public Purpose.*** The Midtown Redevelopment Project has and will promote the economic, social, industrial, cultural and commercial growth of the Issuer and has and will contribute to the general welfare and benefit of the Issuer and has and will eliminate blight in the Midtown Redevelopment Project Areas.

(d) ***Tax Increment Financing Proceedings.*** The Issuer has duly completed all required proceedings and approvals in connection with approval of the Plan, designation of the Midtown Redevelopment Area as a blighted area and adoption of tax increment financing with respect to Midtown Redevelopment Project Areas, all in accordance with the TIF Act.

(e) ***No Litigation.*** To the knowledge of the Issuer, there is no litigation or proceeding pending or threatened against the Issuer or any other person affecting the right of the Issuer to execute this Agreement or the ability of the Issuer to make annual appropriations or to otherwise comply with the obligations under this Agreement. Neither the execution and delivery of this Agreement by the Issuer, nor compliance by the Issuer with its obligations under this Agreement

require the approval of any regulatory body, or any other entity, which approval has not been obtained.

Section 2.02. Representations by the Commission. The Commission represents and warrants to the Issuer as follows:

(a) **Organization and Authority.** The Commission (i) is a real property tax increment financing commission duly organized and existing under the TIF Act, (ii) has lawful power and authority to enter into, execute and deliver this Agreement, and to carry out its obligations hereunder and thereunder and (iii) by all necessary action has been duly authorized to execute and deliver this Agreement acting by and through its duly authorized officers.

(b) **No Defaults or Violations of Law.** The execution and delivery of this Agreement by the Commission 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 Commission 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 Commission or its property.

(c) **Public Purpose.** The Redevelopment Plan will further the public purposes of the TIF Act.

(d) **Tax Increment Financing Proceedings.** The Commission has duly completed all required proceedings and approvals in connection with approval of the Plan, designation of the Midtown Redevelopment Area as a blighted area and recommendation to the Council that it approve the 40th and Mill Project and the Linwood Corridor Project, all in accordance with the TIF Act.

(e) **No Litigation.** To the knowledge of the Commission, there is no litigation or proceeding pending or threatened against the Commission or any other person affecting the right of the Commission to execute or deliver this Agreement or the ability of the Commission to comply with its obligations under this Agreement. Neither the execution and delivery of this Agreement by the Commission, nor compliance by the Commission with its obligations under this Agreement, require the approval of any regulatory body, or any other entity, which approval has not been obtained.

Section 2.03. Survival of Representations. All representations of the Commission and the Issuer contained in this Agreement or in any certificate or other instrument delivered by any such entity pursuant to this Agreement, or in connection with the transactions contemplated thereby, shall survive the execution and delivery thereof and the issuance, sale and delivery of the Series 2017D Bonds, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations.

ARTICLE III

ISSUANCE OF THE BONDS

Section 3.01. Issuance of Bonds. The Issuer shall issue the Series 2017D Bonds, the proceeds of which shall be used to refund the Refunded Series 2007A Bonds which were used to finance and refinance the Midtown Redevelopment Project. The principal of and interest on the Series 2007A Bonds are being paid from the Incremental Tax Revenues and after the issuance of the Series 2017D Bonds the principal of and interest on the Series 2017D Bonds will be paid from the Incremental Tax Revenues. Fees and expenses

of the Co-Bond Counsel, Commission Counsel, the underwriter and the Trustee and other costs of issuance shall be paid from proceeds of the Series 2017D Bonds.

Section 3.02. Use of Incremental Tax Revenues. The parties shall, on an annual basis, apply the Incremental Tax Revenues in accordance with **Section 4.02** below.

ARTICLE IV

RATIFICATION OF MIDTOWN REDEVELOPMENT PROJECT SPECIAL ALLOCATION FUND; USE OF INCREMENTAL TAX REVENUES

Section 4.01. Ratification of Midtown Redevelopment Project Special Allocation Fund. The Commission has previously created, and pursuant to this Agreement has assigned to the Issuer, all its right, title and interest in and to the Commission's separate Midtown Redevelopment Project Special Allocation Fund established in connection with the 40th and Mill Project and Linwood Corridor Project, consisting of a PILOTS Account and an Economic Activity Tax Account, which shall continue to be held by or on behalf of the Commission. The Issuer has previously created the Issuer's separate Midtown Redevelopment Project Special Allocation Fund established in connection with the 40th and Mill Project and Linwood Corridor Project, consisting of a PILOTS Account and an Economic Activity Tax Account, which shall continue to be held in the custody of the Issuer. Each Midtown Redevelopment Project Special Allocation Fund and accounts therein shall be segregated and kept separate and apart from all other moneys, revenues, funds and accounts of the Commission or the Issuer, as applicable, and shall not be commingled with any other moneys, revenues, funds and accounts of the Commission, the Issuer or the Trustee.

Section 4.02. Transfers and Use of Midtown Redevelopment Project Special Allocation Fund and Midtown Super TIF Revenues. Each Midtown Redevelopment Project Special Allocation Fund and accounts referred to above shall be maintained and administered by the Commission or the Issuer, as applicable, solely for the payment of costs of the Midtown Redevelopment Project. The Commission and the Issuer each hereby agree to transfer and/or cause to be transferred to the Trustee the Incremental Tax Revenues on deposit in its respective Midtown Redevelopment Project Special Allocation Fund, and the Issuer agrees to transfer all Midtown Super TIF Revenues, at such times and in such amounts as may be necessary to timely make all payments of debt service on the Series 2017D Bonds. The Commission further agrees that by the 15th day of each month, the Commission will transfer or caused to be transferred such Incremental Tax Revenues to the Issuer or to the Trustee, as needed, to pay such debt service on the Series 2017D Bonds. The Issuer may reimburse itself for any portion of a payment of debt service on the Series 2017D Bonds made with funds other than Incremental Tax Revenues and Super TIF Revenues prior to the transfer to the Trustee of moneys in either Midtown Redevelopment Project Special Allocation Fund. All such funds shall be deposited into the applicable Accounts of the Revenue Fund held by the Trustee under the Indenture. At such time as the Series 2017D Bonds have been paid in full and the Indenture shall have been discharged, pursuant to Article X of the Indenture, the provisions of this **Section 4.02** and **Section 4.01** hereof shall be of no further force and effect.

ARTICLE V

GENERAL COVENANTS AND PROVISIONS

Section 5.01. Annual Appropriations; Annual Budget Request. The Issuer intends, on or before the last day of each Fiscal Year, to budget and appropriate Economic Activity Taxes and Super TIF Revenues to pay the Series 2017D Bonds for the next succeeding Fiscal Year. The obligation of the Issuer to provide written notice to the Trustee as to whether the City Council has appropriated such moneys and

other funds to pay debt service on the Series 2017D Bonds, and to present annual budget requests, is set forth in the Indenture.

Section 5.02. Payments to Constitute Current Expenses of the Issuer. The Issuer and the Commission acknowledge and agree that the appropriation of Economic Activity Taxes and Super TIF Revenues hereunder shall constitute currently budgeted expenditures of the Issuer, and shall not in any way be construed or interpreted as creating a liability or a general obligation or debt of the Issuer in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the Issuer, nor shall anything contained herein constitute a pledge of the general credit, tax revenues, funds or moneys of the Issuer. The Issuer's obligations to pay Economic Activity Taxes and Super TIF Revenues hereunder shall be from year to year only, and shall not constitute a mandatory payment obligation of the Issuer in any ensuing Fiscal Year beyond the then current Fiscal Year. Neither this Agreement nor the issuance of the Series 2017D Bonds shall directly or indirectly obligate the Issuer to levy or pledge any form of taxation or make any appropriation or make any payments beyond those appropriated for the Issuer's then current Fiscal Year, but in each Fiscal Year Economic Activity Taxes and Super TIF Revenues 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 2017D Bonds or the Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture.

ARTICLE VI

ASSIGNMENT OF RIGHTS UNDER AGREEMENT

Section 6.01. Restriction on Transfer of Commission's Interests. The Commission will not sell, assign, transfer or convey its interests in this Agreement, the Midtown Redevelopment Project Special Allocation Fund (to the extent of Incremental Tax Revenues deposited therein) or the Incremental Tax Revenues except pursuant to this Agreement.

Section 6.02. Restriction on Transfer of Issuer's Rights. The Issuer will not sell, assign, transfer or convey its interests in this Agreement or the Midtown Redevelopment Project Special Allocation Fund (to the extent of Incremental Tax Revenues deposited therein) except pursuant to the Indenture.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default Defined. The term "Event of Default" shall mean any one or more of the following events:

(a) Failure by the Commission or the Issuer to timely transfer Incremental Tax Revenues to the Trustee pursuant to **Section 4.02** hereof, subject to annual appropriation.

(b) Failure by the Commission or the Issuer to observe and perform any covenant, condition or agreement on the part of the Commission or the Issuer under this Agreement or the Indenture, other than as referred to in the preceding subparagraph (a) of this Section, for a period of 30 days after written notice of such default has been given to the Commission or the Issuer during which time such default is neither cured by the Commission or the Issuer nor waived in writing by the Trustee, provided that, if the failure stated in the notice cannot be corrected within said 30-day period, the Trustee may consent in writing to an extension of such time prior to its

expiration if corrective action is instituted by the Commission or the Issuer 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.

(c) Any representation or warranty by the Commission or the Issuer herein or in any certificate or other instrument delivered under or pursuant to this Agreement or the Indenture shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made, unless waived in writing by the Trustee or cured by the Commission or the Issuer within 30 days after notice thereof has been given to the Commission and the Issuer.

Section 7.02. Remedies on Default. Whenever any Event of Default shall have occurred and be continuing, the Commission or the Issuer, as applicable, may 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 as may appear necessary or desirable to collect the amounts payable pursuant to this Agreement then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement or covenant of the Commission or the Issuer under this Agreement or the Indenture.

Section 7.03. No Remedy Exclusive. 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 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.

Section 7.04. Commission and Issuer to Give Notice of an Event of Default. The Commission and the Issuer shall each promptly give to the Trustee written notice of any Event of Default of which the Commission or the Issuer, as the case may be, shall have actual knowledge or written notice, but the Commission and the Issuer shall not be liable for failing to give such notice.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Term of Agreement. This Agreement shall be effective from and after its execution and delivery and shall continue in full force and effect until the Series 2017D 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 Issuer to the Trustee and the Paying Agent for the Series 2017D Bonds under this Agreement and the Indenture. All agreements, covenants, representations and certifications by the Commission and the Issuer as to all matters affecting the status of the interest on the Series 2017D Bonds shall survive the termination of this Agreement and the defeasance of the Series 2017D Bonds.

Section 8.02. Amendment. This Agreement may be amended upon written agreement of the Issuer and the Commission. A copy of any amendment or supplement hereto shall be delivered to the Trustee.

Section 8.03. Notices. All written notices required by this Agreement shall be in writing and shall be served either personally or by certified mail, or by any other delivery service which obtains a receipt for delivery unless any such notice required by law and such law provides a different form of delivery or service. Any such notice or demand served personally shall be delivered to the party being served (provided that such notice may be delivered to the receptionist or any other person apparently in charge of such party's office at its address hereinafter set forth), and shall be deemed complete upon the day of actual or attempted delivery, as shown by an affidavit of the person so delivering such notice. Any notice so served by certified

mail shall be deposited in the United States mail with postage thereon fully prepaid and addressed to the party or parties so to be served at its address hereinafter stated, and service of any such notice by certified mail shall be deemed complete on the date of actual or attempted delivery as shown by the certified mail receipt. Service of any such notice by another delivery service shall be deemed complete upon the date of actual or attempted delivery as shown on the receipt obtained by such delivery service.

To the Commission at: Tax Increment Financing Commission of Kansas City, Missouri
1100 Walnut, Suite 1700
Kansas City, MO 64106
Attention: Executive Director

With a copy to: Wesley O. Fields
Bryan Cave LLP
1200 Main Street, Suite 3800
Kansas City, MO 64105

To the Issuer at: City of Kansas City, Missouri
City Hall, Third Floor
414 East 12th Street
Kansas City, MO 64106
Attention: Finance Director

To the Trustee at: UMB Bank, N.A.,
1010 Grand Blvd.
Kansas City, MO 64106
Attention: Corporate Trust Services

Each party shall have the right to specify that notice be addressed to any other address by giving to the other party ten (10) days written notice thereof.

Section 8.04. 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 2017D 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 8.05. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Commission and their respective successors and assigns.

Section 8.06. Execution in Counterparts. This 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. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed 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 8.07. No Pecuniary Liability. All covenants, obligations and agreements of the Issuer or the Commission contained in this Agreement 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 Issuer or Commission in other than their official capacity.

Section 8.08. Complete Agreement. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof, and supersedes and replaces any and all prior oral agreements or written agreements, arrangements, and understandings related thereto.

Section 8.09. Severability. If any provision of this 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 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 8.10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

Section 8.11. Third Party Beneficiaries. The Trustee shall be deemed to be a third party beneficiary under this Agreement.

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EXHIBIT A

MIDTOWN REDEVELOPMENT AREA AND REDEVELOPMENT PROJECT AREAS

40TH AND MILL REDEVELOPMENT PROJECT AREA:

The 40th and Mill Project portion of the Midtown Redevelopment Area is bounded generally by 40th Street, Pennsylvania Avenue, Mill Street, Waddell Avenue, 41st Street, and the east curb of Southwest Trafficway, and specifically includes property south of 41st Street between Waddell Avenue and Southwest Trafficway as may be necessary to provide safe access to the Midtown Project Improvements, and is legally described by metes and bounds at Exhibit 1B of the First Amendment to the Midtown Redevelopment Plan.

LINWOOD CORRIDOR REDEVELOPMENT PROJECT AREA:

The Linwood Corridor Project portion of the Midtown Redevelopment Area is bounded generally by Main Street, Linwood Boulevard, Gillham Plaza and 34th Street, and is legally described by metes and bounds at Exhibit 1D of the First Amendment to the Midtown Redevelopment Plan.

**SECOND SUPPLEMENT TO REDEVELOPMENT DISTRICT TAX DISTRIBUTION
AGREEMENT**

THIS SECOND SUPPLEMENT TO REDEVELOPMENT DISTRICT TAX DISTRIBUTION AGREEMENT, dated as of March 1, 2017 (the “**Second Amendment**”), by and the **CITY OF KANSAS CITY, MISSOURI**, a constitutional charter city of the State (the “**City**”), **UMB BANK, N.A.**, as successor trustee (the “**TRUSTEE**”) and the **MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT**, a department of the government of the State (the “**Department**”), amends and supplements the Redevelopment District Tax Distribution Agreement, dated as of April 1, 2000 (the “**Original Agreement**”), among the **MISSOURI DEVELOPMENT FINANCE BOARD** (the “**Board**”), a body corporate and politic duly organized and existing under the laws of the State of Missouri (the “**State**”), the City, **STATE STREET BANK AND TRUST COMPANY** (predecessor to UMB Bank, N.A. as trustee), the Department and **MIDTOWN REDEVELOPMENT CORPORATION**, a Missouri corporation (the “**Developer**”), as previously amended by the First Supplement to Redevelopment District Tax Distribution Agreement, dated as of March 1, 2007 (the “**First Amendment**”) upon the issuance of the herein-defined Series 2007A Bonds. The Original Agreement, the First Amendment and this Second Amendment are referred to herein collectively as the “**Agreement.**”

WHEREAS, the Board previously issued its Infrastructure Facilities Revenue Bonds (City of Kansas City, Missouri – Midtown Redevelopment Project) Series 2000A (the “**Series 2000A Bonds**”), the proceeds of which were applied to finance Redevelopment Costs for the Midtown Redevelopment Plan, and the Department approved the Redevelopment Plan to receive the benefits of the State Sales Tax Revenues in accordance with the Original Agreement; and

WHEREAS, at the request of the City, The Industrial Development Authority of the City of Kansas City, Missouri (the “**Authority**”) issued its \$47,705,000 Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the “**Series 2007A Bonds**”) to provide funds to refund two prior series of bonds issued by the Board, including the then outstanding Series 2000A Bonds; and

WHEREAS, the City is issuing its Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D (the “**Series 2017D Bonds**”), to provide funds to refund \$17,425,000 principal amount of the Series 2007A Bonds maturing on April 1 in the years 2018 through 2022 (the “**Refunded Series 2007A Bonds**”), all of which Refunded Series 2007A Bonds relate to the Midtown Redevelopment Plan; the Series 2007A Bonds maturing April 1, 2017 are not being refunded; and

WHEREAS, all of the Uptown Theater Refunding Bonds (as defined in the First Amendment) will be paid in full upon the payment of the Series 2007A Bonds maturing April 1, 2017; and

WHEREAS, Section 406 of the Original Agreement provides that the Original Agreement may be amended, changed, modified or altered only with the prior concurring written consent of the Trustee, the City and the Department (although Section 406 of the Original Agreement also references consent of the Board, the Board has advised that its consent is not required for this Second Amendment because the Board has no outstanding bonds relating to the Midtown Redevelopment Project); and

WHEREAS, the City, the Trustee and the Department desire to amend the Original Agreement to provide that the State Sales Tax Revenues will be available to pay debt service on the Series 2017D Bonds and also to clarify certain provisions of the Original Agreement, such amendment to be effective at

such time as that portion of the Series 2007A Bonds maturing April 1, 2017 relating to the Midtown Redevelopment Project shall have been paid in full;

NOW THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements set forth in this Second Supplement to Redevelopment District Tax Distribution Agreement, the City, the Trustee and the Department covenant and agree, as follows:

1. Definitions. For purposes of the Original Agreement as amended by this Amendment, the following words and terms shall have the meanings set forth below. Any of such terms as originally defined in **Section 1.1** of the Original Agreement are hereby amended to mean as follows:

“Bonds” means the Series 2017D Bonds.

“Indenture” means the Trust Indenture, dated as of March 1, 2017, as originally executed by the City and the Trustee, as from time to time amended and supplemented by supplemental indentures in accordance with the provisions of the Indenture which authorized the issuance of the Series 2017D Bonds.

“Refunded Series 2007A Bonds” means the \$17,425,000 principal amount of The Industrial Development Authority of the City of Kansas City, Missouri Infrastructure Facilities Refunding Revenue Bonds (Midtown Redevelopment Project), Series 2007A maturing in the years 2018 through 2022 and being refunded with proceeds of the Series 2017D Bonds.

“Series 2017D Bonds” means the Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D issued by the City to refund the Refunded Series 2007A Bonds.

2. References to Funds and Accounts. All references to Series 2007A Bonds and any funds and accounts established under the Trust Indenture pursuant to which the Series 2007A Bonds were issued shall refer to such similar funds and accounts established under the Indenture that relate to the Series 2017D Bonds.

3. Amendment of Article II, Section 201 of Original Agreement. Section 201 of the Original Agreement is hereby deleted in its entirety and replaced by the following:

Section 201. Annual Request for Budgeting and Appropriation of State Sales Tax Revenues. The Department agrees that the State Sales Tax Revenues to the Missouri Supplemental Tax Increment Financing Fund, as provided in the TIF Act, will be placed in the Department’s annual budget presentation to Governor’s office, and to subsequently request that the Governor present the same request in his or her proposed budget to the General Assembly for appropriation. The Department shall advise the City and the Trustee in writing not later than the 15 days prior to the commencement of each fiscal year if the General Assembly has not appropriated State Sales Tax Revenues for such fiscal year. Each year the Department agrees to review the amount of State Sales Tax Revenues estimated to be generated within the Redevelopment Area with its annual requests to the Governor and the General Assembly.

4. Remainder of Original Agreement in Effect. All other provisions of the Original Agreement remain unchanged and continue in full force and effect.

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IN WITNESS WHEREOF, the parties hereto have each caused this Second Supplement to Redevelopment District Tax Distribution Agreement to be executed on their behalf as of the date first above written.

CITY OF KANSAS CITY, MISSOURI

(Seal)

By: 
Director of Finance

ATTEST:

By: 
Title: City Clerk

THIS SECOND SUPPLEMENT TO REDEVELOPMENT DISTRICT TAX DISTRIBUTION AGREEMENT is executed as of the date first above written.

UMB BANK, N.A.

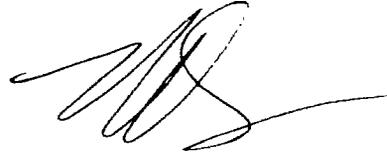
By: 
Name: Lara Stevens
Title: Vice President

ATTEST:

By: 
Name: ELIZABETH E. ANGOTTI
Title: Assistant Secretary

THIS SECOND SUPPLEMENT TO REDEVELOPMENT DISTRICT TAX DISTRIBUTION AGREEMENT is executed as of the date first above written.

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

By: _____
Director

REDEVELOPMENT DISTRICT TAX DISTRIBUTION AGREEMENT

This **REDEVELOPMENT DISTRICT TAX DISTRIBUTION AGREEMENT** (the "Tax Distribution Agreement"), entered into as of April 1, 2000, among the **MISSOURI DEVELOPMENT FINANCE BOARD** (the "Board"), a body corporate and politic duly organized and existing under the laws of the State, the **CITY OF KANSAS CITY, MISSOURI** (the "City"), a constitutional charter city and political subdivision of the State, **STATE STREET BANK AND TRUST COMPANY OF MISSOURI, N.A.**, (the "Trustee"), a national banking association duly organized and existing under the laws of the United States of America, as trustee under the herein described Indenture (the "Trustee"), the **MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT**, a department of the government of the State (the "Department") and **MIDTOWN REDEVELOPMENT CORPORATION**, a Missouri corporation (the "Developer").

RECITALS

1. 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, including "infrastructure facilities", as defined in the Act, and to pay certain costs related to the issuance of such revenue bonds.

2. The City has requested that the Board assist in the financing of the Project described in the Indenture through the issuance under the Indenture of the Board's Infrastructure Facilities Revenue Bonds (City of Kansas City, Missouri - Midtown Redevelopment Project), Series 2000A, in the original principal amount of \$46,600,000 (the "Bonds"), the proceeds of which will be applied to provide funds to (a) finance and refinance the remaining Redevelopment Costs described in the Redevelopment Plan, (b) pay the cost of refunding and redeeming the Series 1996 Bonds, (c) purchase the Debt Service Reserve Fund Surety Bond for the Bonds, (d) pay a portion of the interest due on the Bonds, and (e) pay the Costs of Issuance, all as more fully described herein and in the Financing Agreement.

3. The Department has approved the Redevelopment Plan to receive the benefits of the State Sales Tax Revenues in accordance with this Tax Distribution Agreement and the Department has issued a certificate of approval attached hereto as **Exhibit B**.

4. The Board, the City, the Trustee, and the Department desire to set forth procedures for the collection and distribution of certain revenues to pay a portion of the principal of and interest on the Bonds (collectively, the "Debt Service", as more fully described herein).

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

ARTICLE I

Section 101. Definitions of Words and Terms. For all purposes of this Tax Distribution Agreement, except as otherwise provided or unless the context otherwise requires, the following words and terms used in this Tax Distribution Agreement shall have the meanings set forth in this **Section 101**. Capitalized terms used herein which are not otherwise defined shall have the same meanings as set forth in the preamble hereto or in the Indenture:

“Board” means the Missouri Development Finance Board, a body corporate and politic duly organized and existing under the laws of the State.

“Business Day” means a day on which both the Department and the Trustee and its payment office shall be scheduled in the normal course of their respective operations to be open for the conduct of regular business.

“Commission” means the Tax Increment Financing Commission of Kansas City, Missouri, a tax increment financing commission established by the City pursuant to the TIF Act.

“City” means the City of Kansas City, Missouri.

“Debt Service” means, on the date for which the calculation is being made, the principal of and interest due on the Bonds.

“Department” means the Missouri department of Economic Development, a department of the government of the State.

“Developer” means Midtown Redevelopment Corporation, a Missouri corporation.

“DOR” means the Department of Revenue.

“Indenture” means the Bond Trust Indenture, dated as of April 1, 2000, as originally executed by the Board and the Trustee, as from time to time amended and supplemented by supplemental indentures in accordance with the provisions of the Indenture.

“Interest Payment Date” means with respect to the Bonds, April 1 and October 1 of each year, commencing October 1, 2000.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) thereunder and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

“Missouri Supplemental Tax Increment Financing Fund” means the fund created pursuant to the TIF Act, administered by the Department.

“Project” means the Project as defined in the Indenture.

“Redevelopment Area” means the areas described in **Exhibit A** hereto.

“Redevelopment Costs” means the “redevelopment project costs,” as defined in the TIF Act, that the Commission has agreed to pay from the proceeds of the Bonds.

“Redevelopment Plan” means the redevelopment plan approved by the City pursuant to Committee Substitute for Ordinance No. 930066 passed by the City Council on April 1, 1993, as amended by Ordinance No. 941127 passed by the City Council on August 25, 1994, which approved the Midtown Redevelopment Tax Increment Financing Plan pursuant to the TIF Act, as further amended pursuant to Ordinance No. 950731 passed by the City Council on June 8, 1995.

“Reporting Business” means each person required to report sales or income to DOR which is located or conducts business in the Redevelopment Area.

“Revenue Fund” means the fund by that name created by **Section 401** of the Indenture.

“Series 1996 Bonds” means the Variable Rate Demand Infrastructure Facilities Revenue Bonds (City of Kansas City, Missouri - Midtown Redevelopment Project), Series 1996, issued in the original the principal amount of \$17,900,000 which are being refunded with a portion of the proceeds of the Bonds.

“State” means the State of Missouri.

“State Sales Taxes Reporting Forms” means Missouri DOR Form 53-1 which must be used by any Reporting Business for the purpose of declaring all State Sales Taxes.

“State Sales Tax Revenues” means 50% of the estimated incremental (as defined below) increase in the general revenue portion (3%) of State sales tax revenues received pursuant to Section 144.020, Revised Statutes of Missouri, as amended, excluding State sales taxes that are constitutionally dedicated, taxes deposited to the school district trust fund in accordance with Section 144.701, RSMo, as amended, sales and use taxes on motor vehicles, trailers, boats and outboard motors and future sales taxes specifically excluded from State sales taxes by law. For purposes of this definition, “incremental” means the amount by which the current State sales taxes revenue as described above exceeds the State sales taxes revenue in the base year in the Redevelopment Area, as provided in the TIF Act.

“State Sales Tax Revenues Account” means the State Sales Tax Revenues Account of the Revenue Fund created pursuant to **Section 401** of the Indenture.

“Tax Distribution Agreement” means this Redevelopment District Tax Distribution Agreement dated as of April 1, 2000, among the Board, the City, the Trustee, the Developer and the Department, relating to the collection and disbursement of States Sales Tax Revenues to the Trustee from the Missouri Supplemental Tax Increment Financing Fund.

“TIF Act” means Section 99.800 *et seq.*, Revised Statutes of Missouri, as amended.

“Trustee” means State Street Bank and Trust Company of Missouri, N.A., St. Louis, Missouri, a national banking association organized and existing under the laws of the United States of America, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to and at the time serving as trustee under the Indenture.

Section 102. Rules of Construction. For all purposes of this Tax Distribution Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction apply in construing the provisions of this Tax Distribution Agreement:

- (a) The terms defined in this Article include the plural as well as the singular.
- (b) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to be the designated Articles, Sections and other subdivisions of this instrument as originally executed.
- (c) The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.
- (d) The Article and section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

ARTICLE II

COLLECTION AND APPLICATION OF STATE SALES TAX REVENUES

Section 201. Annual Request for Appropriation of State Sales Tax Revenues. The Department agrees to annually request the General Assembly of the State to appropriate the State Sales Tax Revenues to the Missouri Supplemental Tax Increment Financing Fund, as provided in the TIF Act. The Department shall advise the Board, the City and the Trustee in writing not later than the 15 days prior to the commencement of each fiscal year if the General Assembly has not appropriated State Sales Tax Revenues for such fiscal year. Each year the Department agrees to review the amount of State Sales Tax Revenues estimated to be generated within the Redevelopment Area in connection with its annual request to the General Assembly.

Section 202. Deposit of State Sales Tax Revenues. The Department shall credit all State Sales Tax Revenues appropriated by the General Assembly to the Missouri Supplemental Tax Increment Financing Fund while tax increment financing is in effect for the Redevelopment Area.

Section 203. Application of Moneys in Missouri Supplemental Tax Increment Financing Fund. (a) State Sales Tax Revenues credited to the Missouri Supplemental Tax Increment Financing Fund shall be available for transfer semiannually to the Trustee for the credit of the City in accordance with the TIF Act for deposit in the State Sales Tax Revenues Account of the Revenue Fund established under the Indenture to pay the Debt Service. Interest earnings on amounts on deposit in the Missouri Supplemental Tax Increment Financing Fund shall be retained in the Missouri Supplemental Tax Increment Financing Fund.

(b) Not less than four (4) Business Days prior to each Interest Payment Date, the Department shall transfer from the Missouri Supplemental Tax Increment Financing Fund to the Trustee for deposit in the State Sales Tax Revenues Account of the Revenue Fund the State Sales Tax Revenues. Not later than the third Business Day preceding each Interest Payment Date, the Trustee shall make the transfers from the State Sales Tax Revenues Account of the Revenue Fund to the Debt Service Fund as provided in the Indenture.

Section 204. State Sales Tax Reporting Forms. The City and the Developer agree that they shall require each Reporting Business to file with the Department and DOR the State Sales Tax Reporting Forms on a monthly basis. The City and the Developer shall require each Reporting Business to file a separate DOR Form 53-1 for each location identifying all State Sales Taxes collected within the Redevelopment Area and shall require that each Reporting Businesses with multiple business operations within the Redevelopment Area shall separately identify each business operation by address.

ARTICLE III

CITY AND DEVELOPER COVENANTS

Section 301. Completion of Project. Promptly following completion of the Project the City and the Developer shall notify the Department of the completion of the Project and shall provide the Department with written evidence of the actual costs of the Project.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 401. Notices. All notices, certificates or other communications required or desired to be given hereunder shall be in writing and shall be deemed duly given when mailed by first class, registered or certified mail, postage prepaid, or by facsimile transmission, addressed as follows:

(a) To the Board at:

Missouri Development Finance Board
301 West High Street
Room 680
Jefferson City, MO 65102
Attention: Executive Director

(b) To the Trustee at:

State Street Bank and Trust Company of Missouri, N.A., as Trustee
One Metropolitan Square
211 North Broadway, Suite 3900
St. Louis, Missouri 63102
Attention: Corporate Trust Department

(c) To the City at:

City of Kansas City, Missouri
414 East 12th Street
Third Floor
Kansas City, Missouri 64106
Telephone: (816) 513-1019
Facsimile: (816) 513-1020

(d) To the Department at:

Department of Economic Development
301 West High Street
Room 680
Jefferson City, Missouri 65102
Attn: Director
Telephone: (573) 751-4770
Facsimile: (573) 526-7700

(e) To the Developer at:

Midtown Redevelopment Corporation
C/o Block & Company, Inc. Realtors
605 West 47th Street, Suite 100
Kansas City, Missouri 64112
Attn: Stephen J. Block
Telephone: (816) 932-5537
Facsimile: (816) 932-5598

The Board, the City, the Trustee, the Developer and the Department may from time to time designate, by notice given hereunder to the other such parties, another address to which subsequent notices, certificates or other communications shall be sent.

Section 402. Governing Law. This Tax Distribution Agreement shall be construed in accordance with and governed by the laws of the State of Missouri.

Section 403. Binding Effect. This Tax Distribution Agreement shall be binding upon and shall inure to the benefit of the Board, the City, the Trustee, the Developer and the Department and their respective successors and assigns.

Section 404. Severability. If for any reason any provision of this Tax Distribution Agreement shall be determined to be invalid or unenforceable, the validity and enforceability of the other provisions hereof shall not be affected thereby.

Section 405. Benefit of Tax Distribution Agreement. This Tax Distribution Agreement shall inure to the benefit of and shall be binding upon the Board, the City, the Department, the Developer and the Trustee and their respective successors and assigns, subject, however, to the limitations contained herein. With the exception of rights expressly conferred in this Tax Distribution Agreement, nothing in this Tax Distribution Agreement, express or implied, shall give to any person, other than the parties hereto and their successors and assigns hereunder and the owners of outstanding Bonds, any benefit or any legal or equitable right, remedy or claim under this Tax Distribution Agreement.

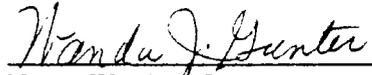
Section 406. Amendment to Tax Distribution Agreement. Prior to the termination of this Tax Distribution Agreement in accordance with **Section 407** hereof, this Tax Distribution Agreement may not be effectively amended, changed, modified, altered or terminated without the prior concurring written consent of the Board, the Trustee, the City, the Department and the Developer; provided, that the consent of the Developer shall not be required in connection with any amendment which does not affect the rights or obligations of the Developer hereunder.

Section 407. Term of Tax Distribution Agreement. This Tax Distribution Agreement shall continue until the earlier of (a) the date upon which the Bonds have been paid in full or defeased, or (2) the termination of tax increment financing for the Redevelopment Area or portion thereof.

Section 408. Execution in Counterparts. This Tax Distribution Agreement may be executed simultaneously in several counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Tax Distribution Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

CITY OF KANSAS CITY, MISSOURI



Name Wanda J. Gunter
Title: Acting Director of Finance

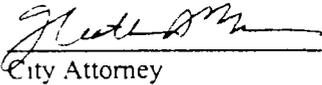
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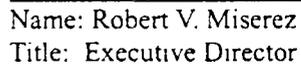


Name: Catherine T. Rocha
Title: City Clerk

APPROVED AS TO FORM:


City Attorney

MISSOURI DEVELOPMENT FINANCE BOARD


Name: Robert V. Miserez
Title: Executive Director

IN WITNESS WHEREOF, the parties hereto have caused this Tax Distribution Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

CITY OF KANSAS CITY, MISSOURI

(SEAL)

ATTEST:

Name Wanda J. Gunter
Title: Acting Director of Finance

Name: Catherine T. Rocha
Title: City Clerk

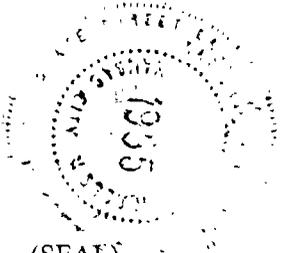
APPROVED AS TO FORM:

City Attorney

MISSOURI DEVELOPMENT FINANCE BOARD



Name: Robert V. Miserez
Title: Executive Director



(SEAL)

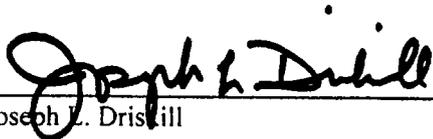
ATTEST:

Name: Styl 23
Title: ASSISTANT VICE PRESIDENT

**STATE STREET BANK AND TRUST
COMPANY OF MISSOURI, N.A., as Trustee**

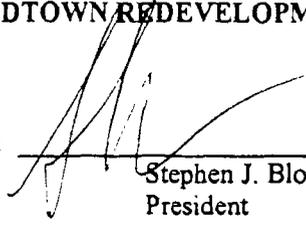
Brian P. Krippner
Name: BRIAN P. KRIPPNER
Title: VICE PRESIDENT

**MISSOURI DEPARTMENT OF ECONOMIC
DEVELOPMENT**

By: 
Joseph L. Driskill

MIDTOWN REDEVELOPMENT CORPORATION

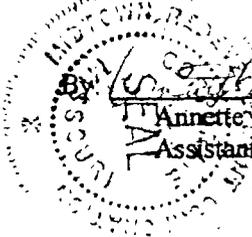
By:



Stephen J. Block
President

(SEAL)

ATTEST:



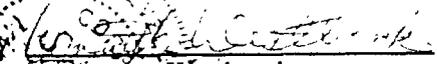
By: 
Annette Westbrook
Assistant Secretary

EXHIBIT A

REDEVELOPMENT AREA

40TH AND MILL PROJECT PORTION:

The 40th & Mill Project portion of the Redevelopment Area is bounded generally by 40th Street, Pennsylvania Avenue, Mill Street, Waddell Avenue, 41st Street, and the east curb of Southwest Trafficway, and specifically includes property south of 41st Street between Waddell Avenue and Southwest Trafficway as may be necessary to provide safe access to the Project Improvements, and is legally described by metes and bounds at Exhibit 1B of the First Amendment to the Redevelopment Plan,

LINWOOD CORRIDOR PROJECT PORTION:

The Linwood Corridor Project portion of the Redevelopment Area is bounded generally by Main Street, Linwood Boulevard, Gillham Plaza and 34th Street. The Redevelopment Area and Projects are specifically described and graphically depicted in Exhibit 1 attached hereto, and is legally described by metes and bounds at Exhibit 1D of the First Amendment to the Redevelopment Plan.

EXHIBIT B

DEPARTMENT APPROVAL OF REDEVELOPMENT PLAN



Mel Carnahan
Governor

Joseph L. Driskill
Director

April 24, 2000

The Honorable Kay Barnes
Mayor, City of Kansas City
414 East 12th Street
Kansas City, MO 64106

Dear Mayor Barnes:

As authorized by Section 99.845(10), RSMo Supp. 1999, the Office of Administration and the Department of Economic Development hereby approve the Midtown Redevelopment Project for participation in the State Supplemental Tax Increment Financing Program. We have determined the application meets the requirements of the statute and is eligible for inclusion in the program.

Funding for the project is subject to annual appropriations made by the Missouri General Assembly and approved by the Governor, and is limited to 50% of the new incremental general revenue portion of state sales tax created by the project in the redevelopment area, as stated in Section 99.845(4), RSMo Supp. 1999, and defined in Section 99.845(8), RSMo Supp. 1999.

If you have any questions regarding this project, please contact Michelle Linder at (573) 751-0717.

Very truly yours,

Richard Hanson
Commissioner, Office of Administration

Very truly yours,

Joseph L. Driskill
Director, Department of Economic
Development

JLD/MBL

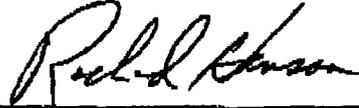
- c: Mark Ward
- Phil Tate
- John Crawford
- Kristine Heisinger
- Mike Downing

State Supplemental Tax Increment Financing Program

Certificate of Approval

As authorized by Section 99.845(10) RSMo, the Office of Administration and the Department of Economic Development hereby approve the participation of the Kansas City Midtown Redevelopment project for participation in the State Supplemental Tax Increment Financing Program. The application meets all the requirements of the statute.

Funding for this project is subject to annual appropriations made by the Missouri General Assembly and approved by the Governor, and is limited to 50% of the new incremental general revenue portion of state sales tax created by the project in the redevelopment area, as stated in Section 99.845(4) RSMo and defined in Section 99.845(8) RSMo.

	
Joseph L. Driskill, Director	Richard Hanson, Commissioner
Date	Date
Department of Economic Development	Office of Administration

EXECUTION COPY

**FIRST SUPPLEMENT TO REDEVELOPMENT DISTRICT
TAX DISTRIBUTION AGREEMENT**

THIS FIRST SUPPLEMENT TO REDEVELOPMENT DISTRICT TAX DISTRIBUTION AGREEMENT, dated as of March 1, 2007 (the "Amendment") amends and supplements the Redevelopment District Tax Distribution Agreement, dated as of April 1, 2000 (the "Original Agreement"), among the **MISSOURI DEVELOPMENT FINANCE BOARD** (the "Board"), a body corporate and politic duly organized and existing under the laws of the State, the **CITY OF KANSAS CITY, MISSOURI** (the "City"), **UMB BANK, N.A.**, as successor to State Street Bank and Trust Company of Missouri (the "Trustee"), the **MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT**, a department of the government of the State and **MIDTOWN REDEVELOPMENT CORPORATION**, a Missouri corporation (the "Developer"). The Original Agreement and this Amendment are referred to herein collectively as the "Agreement."

WHEREAS, the Board has previously issued its Infrastructure Facilities Revenue Bonds (City of Kansas City, Missouri -- Midtown Redevelopment Project) Series 2000A (the "Series 2000A Bonds") the proceeds of which were applied to provide funds to finance Redevelopment Costs for the Midtown Redevelopment Plan, and the Department approved the Redevelopment Plan to receive the benefits of the State Sales Tax Revenues in accordance with the Original Agreement; and

WHEREAS, the City has determined that it is in the best interest of the City to refund and defease the Series 2000A Bonds with a portion of the proceeds of the Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the "Series 2007A Bonds") to be issued by The Industrial Development Authority of the City of Kansas City, Missouri, pursuant to a Trust Indenture dated as of February 1, 2007 (the "Indenture"); and

WHEREAS, \$44,285,000 principal amount of the Series 2007A Bonds is being issued to refund the Series 2000A Bonds which relate to the Midtown Redevelopment Project (such portion being referred to herein as the "Bonds") and not to the portion of the Series 2007A Bonds being issued to refund the Board's Infrastructure Facilities Revenue Bonds (Kansas City, Missouri - Uptown Theater Redevelopment Project) Series 1998 (such portion being referred to herein as the "Uptown Theater Refunding Bonds"); and

WHEREAS, Section 406 of the Original Agreement provides that the Original Agreement may be amended, changed, modified or altered only with the prior concurring written consent of the Board, the Trustee and the City and the Department and will not require the consent of the Developer in connection with any amendment which does not affect the rights or obligations of the Developer.

WHEREAS, the Board, the City, the Department and the Trustee desire to amend the Original Agreement to provide that the State Sales Tax Revenues will be available to pay debt service on the Bonds but not to pay debt service on the Uptown Theater Refunding Bonds;

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

1. Definitions. For purposes of the Original Agreement as amended by this Amendment, the following words and terms shall have the meanings set forth below. Any of such terms as originally defined in Section 101 of the Original Agreement are hereby amended to mean as follows:

“**Bonds**” means the \$44,285,000 principal portion of the Series 2007A Bonds issued to refund the Series 2000A Bonds.

“**Indenture**” means the Trust Indenture, dated as of March 1, 2007, as originally executed by the Authority and the Trustee, as from time to time amended and supplemented by supplemental indentures in accordance with the provisions of the Indenture which authorized the issuance of the Series 2007A Bonds.

“**Series 2000A Bonds**” means Infrastructure Facilities Revenue Bonds (City of Kansas City, Missouri – Midtown Redevelopment Project) Series 2000A issued by the Board and being refunded with a portion of the Series 2007A Bonds.

“**Series 2007A Bonds**” means the Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A by The Industrial Development Authority of the City of Kansas City, Missouri.

“**Trustee**” means UMB Bank, N.A., a national banking association organized and existing under the laws of the United States of America, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to and at the time serving as trustee under the Indenture.

2. References to Funds and Accounts. All references to any funds and accounts established under the Bond Trust Indenture pursuant to which the Series 2000A Bonds were issued shall refer to such similar funds and accounts established under the Indenture.

3. Remainder of Original Agreement in Effect. All other provisions of the Original Agreement remain unchanged and continue in full force and effect.

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IN WITNESS WHEREOF, the parties hereto have each caused this Amendment to be executed on their behalf as of the date first above written.

CITY OF KANSAS CITY, MISSOURI

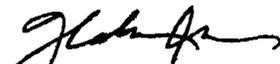
(Seal)

By: 
Title: Director of Finance and Chief Financial Officer

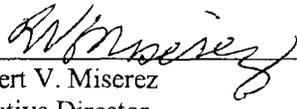
ATTEST:

By: 
Title: City Clerk

Approved as to form and legality:

By: 
Title: City Attorney
Asst.

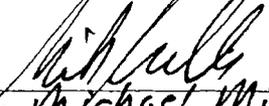
MISSOURI DEVELOPMENT FINANCE BOARD

By: 
Name: Robert V. Miserez
Title: Executive Director

UMB BANK, N.A., as Trustee

By: LARA L. STEVENS
Name: LARA L. STEVENS
Title: Vice President

MISSOURI DEPARTMENT OF ECONOMIC
DEVELOPMENT

By: 
Name: Michael Mills
Title: Deputy Director

TAX COMPLIANCE AGREEMENT

Dated as of March 1, 2017

Between

City of Kansas City, Missouri

and

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

**\$16,185,000
Special Obligation Refunding Bonds
(Midtown Redevelopment Project)
Series 2017D
of the
City of Kansas City, Missouri**

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Exhibit A	IRS Form 8038-G	
Exhibit B	Certificate of Financial Advisor, with Debt Service Schedule, Weighted Average Maturities and Proof of Bond Yield	
Exhibit C	Description of Financed Facilities	
Exhibit D	Refunded Series 2007A Bonds	
Exhibit E	Annual Compliance Checklist	

TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (the “Tax Agreement”) is entered into as of March 1, 2017 between the CITY OF KANSAS CITY, MISSOURI, a constitutional charter city and political subdivision of the State of Missouri (the “Issuer”), and UMB BANK, N.A., a national banking association 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 Issuer of its \$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D (the “Series 2017D Bonds”) (the “Series 2016 Bonds” or the “Bonds”) under the Trust Indenture dated as of March 1, 2017 (the “Indenture”) between the Issuer and the Trustee.

2. The Series 2017D Bonds are being issued for the purpose of providing funds to current refund \$17,425,000 of the currently Outstanding Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A of The Industrial Development Authority of the City of Kansas City, Missouri (the “Authority”) maturing April 1, 2018 and thereafter and (b) to pay certain costs related to the issuance of the Series 2017D Bonds, as described in this Tax Agreement and in the Indenture.

3. At the request of the Issuer, the Authority and the Tax Increment Financing Commission of Kansas City, Missouri (the “Commission”) assisted the Issuer in refunding prior series of bonds issued by the Missouri Development Finance Board (the “Board”), and the Authority previously issued its \$47,705,000 Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the “Series 2007A Bonds”) to provide funds to refund two prior series of bonds issued by the Board, including to advance refund its then outstanding \$46,600,000 Infrastructure Facilities Revenue Bonds (Kansas City, Missouri - Midtown Redevelopment Project) Series 2000A (the “Series 2000A Midtown Bonds”), which were issued by the Board to finance and refinance that certain redevelopment project (the “Midtown Redevelopment Project”) authorized by the Midtown Tax Increment Financing Plan dated April 1, 1993, as amended (the “Midtown Redevelopment Plan”). The Midtown Redevelopment Plan called for the construction of approximately 300,000-375,000 square feet of retail space in the Midtown Redevelopment Area, land acquisition, building and site improvements and public infrastructure improvements. Midtown Redevelopment Project costs include payment of costs of acquisition of land and remediation of blight, which land is expected to be used for residential and commercial purposes, as well as public infrastructure improvements. The Series 2000A Bonds provided funds to current refund the Board’s \$17,900,000 Variable Rate Demand Infrastructure facilities Revenue Bonds (City of Kansas City, Missouri – Midtown Redevelopment Project), Series 1996 that were issued to finance a portion of the costs of the Midtown Redevelopment Project and to finance the remaining redevelopment costs identified in the Midtown Redevelopment Plan. The Tax Compliance Agreement entered in connection with the Series 2000A Bonds indicated that completion of the Project was expected to occur by May 1, 2001. See **Exhibit C** hereto.

4. The Authority, the Issuer and the Commission previously entered into an agreement wherein, among other things, the Commission agreed to assign certain Incremental Tax Revenues (as defined therein) to the Issuer in connection with that portion of the Series 2007A Bonds allocable to the Midtown Redevelopment Project. The Issuer and the Commission are now entering into the Cooperative Agreement dated as of March 1, 2017 wherein the Commission agrees to assign certain Incremental Tax Revenues (as defined therein) to the Issuer in connection with the Series 2017D Bonds. The Board, the

Issuer, the Trustee, the Missouri Department of Economic Development (the “Department”) and the redeveloper under the Midtown Redevelopment Plan previously entered into an agreement wherein the Department authorized the use of State Sales Tax Revenues (as defined therein) for the Midtown Redevelopment Project. The Issuer, the Trustee and the Department are now entering into a supplement to such agreement to continue the use of State Sales Tax Revenues in connection with the Series 2017D Bonds.

5. The Series 2007A Bonds maturing in the year 2018 and thereafter are subject to optional redemption on any day on and after April 1, 2017. The Outstanding Series 2007A Bonds in the principal amount of \$17,425,000 maturing in the years 2018 through 2022 (the “Refunded Series 2007A Bonds”) will be current refunded with proceeds of the Series 2017D Bonds, and paid in full on April 24, 2017 (the “Redemption Date”), as more fully described on **Exhibit D**. The principal of and interest on the Series 2007A Bonds maturing April 1, 2017 will be paid as scheduled.

6. Simultaneously with the issuance of the Series 2017B Bonds, the Issuer is issuing its \$19,185,000 Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B (the “Series 2017B Bonds”) and \$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), Series 2017C (the “Series 2017C Bonds”). The Series 2017B Bonds, the Series 2017C Bonds and the Series 2017D Bonds are referred to collectively herein as the “Tax-Exempt Series 2017 Bonds.” The Issuer is also issuing its \$31,610,000 Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A (the “Series 2017A Taxable Bonds”).

7. 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.

7. The Issuer 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 Section 148(f).

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Agreement, the Issuer 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 the Indenture, and certain other words and phrases have the meanings assigned in Section 148 of the Code 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 Series 2017D Bonds reduced by amounts (a) in a bona fide debt service fund or a reasonably required reserve or replacement fund, (b) 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 (c) representing grant repayments or sale or investment proceeds of any purpose investment.

“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 on the Bonds 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 (a) the earnings on the fund for the immediately preceding Bond Year, or (b) one-twelfth of the principal and interest payments on the Bonds for the immediately preceding Bond Year.

“Bond” or “Bonds” means the Series 2017D Bonds.

“Bond Compliance Officer” means the Director of Finance of the Issuer or the person to whom he or she delegates this responsibility in writing.

“Bond Counsel” means either Co-Bond Counsel firm or other nationally recognized firm of bond counsel acceptable to the Issuer.

“Bond Fund” means the Series 2017D Debt Service Fund established under the Indenture.

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

“Co-Bond Counsel” means Kutak Rock LLP and the Hardwick Law Firm LLC or other firm or firms of nationally recognized bond counsel acceptable to the Issuer.

“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 Issuer may treat any date as a Computation Date, subject to the following limits: (a) the first Computation Date cannot be later than five years after the Issue Date, (b) each subsequent rebate installment payment must be made for a Computation Date not later than five 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 Issuer selects April 1, 2021 as the first Computation Date but reserves the right to select a different date consistent with the Regulations.

“Costs of Issuance Fund” means the Costs of Issuance Fund established under the Indenture.

“Escrow Agent” means UMB Bank, N.A. as Escrow Agent under the Escrow Agreement.

“Escrow Agreement” means the Escrow Trust Agreement dated as of March 1, 2017 by and between the Issuer and the Escrow Agent, relating to the Refunded Series 2007A Bonds.

“Escrow Fund” means the Escrow Fund established in the custody of the Escrow Agent under the Escrow Agreement, relating to the Refunded Series 2007A Bonds.

“Financed Facilities” means the facilities refinanced with the proceeds of the Bonds, all as described on **Exhibit C**.

“Governmental Person” means a state, a territory, a possession of the United States, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States or any agency or instrumentality of the United States.

“Gross Proceeds” means (a) sale proceeds (any amounts actually or constructively received by the Issuer from the sale of the Bonds, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest), (b) investment proceeds (any amounts received from investing sale proceeds, other investment proceeds or transferred proceeds), (c) any amounts held in a sinking fund for the Bonds, (d) any amounts held in a pledged fund or reserve fund for the Bonds, (e) any other replacement proceeds and (f) any transferred proceeds. Specifically, Gross Proceeds as to the Series 2016 Bonds include all amounts held in the following funds and accounts:

- (1) Debt Service Fund (the “Bond Fund”);
- (2) Costs of Issuance Fund;
- (3) Refunding Fund;
- (4) Escrow Fund; and
- (5) Rebate Fund.

“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 Trust Indenture dated as of March 1, 2007, as originally executed by the Issuer and the Trustee.

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

“IRS” means the United States Internal Revenue Service.

“Issue Date” means March 23, 2017.

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

“Management Agreement” means a legal agreement defined in Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of a Financed Facility, such as a contract to manage the entire Financed Facility or a portion of the Financed Facility. Contracts for services that are solely incidental to the primary governmental function of the Financed Facility (for example, contracts for janitorial, office equipment repair, billing or similar services), however, are not treated as Management Agreements.

“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 or any series of 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.

“Opinion of Bond Counsel” means the written opinion of Co-Bond Counsel, of either Co-Bond Counsel firm or of other nationally recognized firm of bond counsel. Unless otherwise specifically noted herein an Opinion of Bond Counsel must conclude that the action or proposed action or the failure to act or proposed failure to act for which the opinion is required will not adversely affect the exclusion of the interest on the Series 2016 Bonds from gross income for federal income tax purposes.

“Ordinance” means Ordinance No. 170132, passed by the City on February 23, 2017.

“Post Issuance Policy and Procedure” means the Issuer’s Manual of Instructions providing policy and procedures relating to Municipal Bonds and Master Lease Purchase Agreements.

“Post-Issuance Tax Requirements” means those requirements related to the use of proceeds of the Series 2016 Bonds, the use of the Financed Facilities and the investment of Gross Proceeds after the Issue Date of the Series 2016 Bonds.

“Rebate Fund” means the Rebate Fund established under the Indenture.

“Rebate Analyst” means any Rebate Analyst appointed by the Issuer.

“Refunded Bonds” or “Refunded Series 2007A Bonds” means the Outstanding Series 2007A Bonds in the principal amount of \$17,425,000 maturing in the years 2018 through 2022, as set out on **Exhibit D** attached hereto.

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

“Series 2017D Bonds” means any bond or bonds of the series of Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D, aggregating the principal amount of \$16,185,000, authenticated and delivered under the Indenture.

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

“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 that at any time may be substituted in its place at the time serving as trustee under the Indenture.

“Underwriters” means J.P. Morgan Securities LLC, as representative of the underwriters of the Bonds, including George K. Baum and Company, Fifth Third Securities Inc., Valdés & Moreno, Inc. and Loop Capital Markets.

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

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS

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

(a) Organization and Authority. The Issuer (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 issue the Bonds for the purposes set forth in the Indenture, to enter into, execute and deliver the Indenture, 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 action has been duly authorized to execute and deliver the Indenture, the Bonds and this Tax Agreement, acting by and through its duly authorized officials.

(b) Tax-Exempt Status of Bonds – General Covenant. The Issuer (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 Section 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 Issuer, 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) Governmental Bonds – Private Business Use. The Bond proceeds will be used to refinance bonds issued to pay for costs of the Midtown Redevelopment Project. Midtown Redevelopment Project costs include payment of costs of acquisition of land and remediation of blight, which land is expected to be used for residential and commercial purposes, as well as public infrastructure improvements. It is expected that more than 10% of the Midtown Redevelopment Project will be owned or used by nongovernmental persons in their trades or businesses.

(d) Governmental Bonds -- Private Security or Payment. The Issuer does not reasonably expect that more than 10% of the payment of the principal of or the interest on the Bonds will be (under the terms of the Bonds or any underlying arrangement) directly or indirectly secured by any interest in property used or to be used for a private business use, or payments in respect of such property (within the meaning of section 141(b)(2)(A) of the Code).

The Issuer does not reasonably expect that more than 5% of the payment of the principal of or the interest on the Bonds will be (under the terms of the Bonds or any underlying arrangement) directly or indirectly, secured or derived from a private business use, determined by taking into account only payments, property and borrowed money with respect to any use of proceeds which is not related to any governmental use of such proceeds, or which gives rise to disproportionate related business use of such proceeds (within the meaning of Section 141(b)(2) and (3) of the Code).

(1) For purposes of the foregoing, taxes of general application, including the Payments in Lieu of Taxes and the Economic Activity Tax Revenues, the Super TIF Revenues and the State TIF Revenues (together, the “TIF Revenues”) are not treated as private payments or private security. No taxpayer has entered into any “impermissible

agreement” relating to payment of TIF Revenues. An “impermissible agreement” generally includes any agreement described in Regulations § 1.141-4(e)(4)(ii) such as an agreement to be personally liable for the payment of TIF Revenues or to guaranty the amount of TIF Revenues to be produced by the Midtown Redevelopment Project or any portion thereof.

(2) The Issuer will not permit any private security or payment with respect to the Bonds other than as described herein without first obtaining an Opinion of Bond Counsel.

(3) Contemporaneously with the issuance of the Series 2017D Bonds, the Issuer is issuing the Series 2017A Taxable Bonds. The Issuer will issue the Series 2017A Taxable Bonds for the purpose of providing funds (a) to acquire, construct, reconstruct and/or improve certain projects within the City (the “Taxable City Projects”), (b) to pay capitalized interest on a portion of the Series 2017A Taxable Bonds, (c) to fund a debt service reserve fund for the Kansas City Municipal Assistance Corporation Tax-Exempt leasehold Improvement Revenue Bonds (H. Roe Bartle Convention Center and Infrastructure Project) Series 2004B-1 and (d) to pay certain costs related to the issuance of the Series 2017A Taxable Bonds. The Issuer hereby represents that it hereby intends by and in this Tax Agreement and the Tax Compliance Agreements applicable to the other series of the Tax-Exempt Series 2017 Bonds to allocate any private payments or security for the use of any projects financed or refinanced by the Tax-Exempt Series 2017 Bonds or the Taxable City Projects first to debt service on the Series 2017A Taxable Bonds; then to operating and maintenance expenses for the Taxable City Projects; then (with an Opinion of Bond Counsel as required by paragraph (2) above) to operating and maintenance expenses for the projects financed or refinanced by the Tax-Exempt Series 2017 Bonds; and then to the operating and maintenance expenses or equity for any other City project, all before undertaking to allocate any such private payments or security to the Tax-Exempt Series 2017 Bonds (including the Series 2017D Bonds) pursuant to this paragraph.

(e) No Private Loan. Not more than the lesser of 5% of the net proceeds of the Bonds or \$5,000,000 will be loaned directly or indirectly to any person or entity that is not a Governmental Person. Not more than the lesser of 5% of the net proceeds of the Refunded Bonds or \$5,000,000 were loaned directly or indirectly to any person or entity that is not a Governmental Person.

(f) Limit on Maturity. A description of the Midtown Redevelopment Project improvements refinanced with proceeds of the Bonds is set forth in the description of Financed Facilities included in **Exhibit C** attached to this Tax Agreement and a computation of the “average reasonably expected economic life” of the Financed Facilities, 8.1 years, is included **Exhibit C**, which also includes information from the Tax Compliance Agreement for the Series 2000A Bonds which financed and refinanced the Financed Facilities. The weighted average maturity of the Series 2017D Bonds, as computed by the Financial Advisor on the Certificate of Financial Advisor attached hereto as **Exhibit B**, is 3.0281 years, which is less than 120% of the average, reasonably expected economic life of the Financed Facilities refinanced with proceeds of the Series 2017D Bonds. The Issuer will not make, or permit to be made, any changes in the Financed Facilities or the use of the proceeds of the Bonds which will cause the weighted average maturity of such bonds to exceed 120% of the average, reasonably expected economic life of the Financed Facilities refinanced by the Bonds.

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

(h) Bonds Not Federally Guaranteed. The Issuer 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 Section 149(b).

(i) IRS Form 8038-G. Bond Counsel will prepare (1) a Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) for the Series 2017B Bonds and Series 2017C Bonds, which are treated as a single issue for federal tax purposes as described in **Section 2.1(i)** and (2) a separate Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) for the Series 2017D Bonds. Both information returns will be based on the representations and covenants of the Issuer contained in this Tax Agreement and the Tax Compliance Agreements relating to the other Tax-Exempt Series 2017 Bonds or otherwise provided by the Issuer. Bond Counsel will sign the return as a paid preparer following completion and will then deliver copies to the Issuer for execution and for the Issuer’s records. The Issuer agrees to timely execute and return to Bond Counsel the execution copy of Form 8038-G for the Series 2017D Bonds for filing with the IRS. A copy of the “as-filed” copy of the Form 8038-G for the Series 2017D Bonds along with proof of filing will be included as **Exhibit A**.

(j) Bonds Not Hedge Bonds.

(1) At least 85% of the net sale proceeds (the sale proceeds less any sale proceeds invested in a reserve fund) of the Series 2007A Bonds were expected at the time of initial issuance to be used to carry out the governmental purpose of such series of bonds within three years of the original issue date of such series of bonds, and not more than 50% of the proceeds of such series of bonds were invested in Investments having a substantially guaranteed Yield for four years or more.

(2) Based upon the representations set forth in paragraph 2.1(j)(1) above and operation of Section 149(g)(3)(C) of the Code, the Issuer concludes that the Bonds are not “hedge bonds” within the meaning of Section 149(g) of the Code.

(k) Compliance with Future Tax Requirements. The Issuer understands that the Code and the Regulations may impose new or different restrictions and requirements on the Issuer in the future. The Issuer will comply with such future restrictions that are necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

(l) Single Issue; No Other Issues. Other than the Series 2017A Taxable Bonds, the Series 2017B Bonds and the Series 2017C Bonds, no other debt obligations of the Issuer (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). The Series 2017B Bonds and Series 2017C Bonds constitute a single “issue” under Regulations § 1.150-1(c) because the Series 2017B Bonds and Series 2017C Bonds are expected to be paid from substantially the same source of funds. It is expected that the Series 2017D Bonds are expected to be from a different source of funds than the Series 2017B Bonds and Series 2017C Bonds, in that it is expected that the TIF Revenues will be sufficient to pay debt service on the Series 2017D Bonds in full, and therefore the Series 2017D Bonds constitute a separate “issue” under Regulations § 1.150-1(c).

(m) Interest Rate Swap. As of the Issue Date, the Issuer 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. The Issuer will not enter into any such arrangement in the future without obtaining an Opinion of Bond Counsel.

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

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

Section 2.2. Representations and Covenants of the Trustee. The Trustee represents and covenants to the Issuer 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 Issuer, 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 Section 148, and (b) compliance with arbitrage rebate requirements of Code Section 148(f). The Issuer will pay all costs and expenses incurred in connection with supplying the foregoing information.

Section 2.3. Survival of Representations and Covenants. All representations, covenants and certifications of the Issuer and the Trustee contained in this Tax Agreement or in any certificate or other instrument delivered by the Issuer 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 **Article X** of the Indenture or any other provision of the Indenture, until three years following the final maturity date and payment of all Bonds Outstanding as provided in **Section 4.2(b)**.

ARTICLE III

ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.1. General. The purpose of this Article is to certify, under Regulations Section 1.148-2(b), the Issuer’s expectations as to the sources, uses, and investment of Bond proceeds and other money, in order to support the Issuer’s conclusion that the Bonds are not arbitrage bonds. The person executing this Tax Agreement on behalf of the Issuer is an officer of the Issuer 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 Issuer’s understanding of the documents and certificates that comprise the Transcript, including (a) the Indenture, (b) this Tax Agreement, (c) covenants, representations, and certifications of the Issuer contained in this Tax Agreement and in the closing certificate of the Issuer, (d) representations, warranties and certifications contained in the certificate of the managing underwriter and representative of the Underwriters, (e) representations, warranties and certifications of the Trustee contained in the Trustee’s Closing Certificate, and (f) representations, warranties and certifications contained in the certificate of the Financial Advisor, attached hereto as **Exhibit B**. To the Issuer’s knowledge, the facts and estimates set forth in this Tax Agreement are accurate, and the expectations of the Issuer set forth in this Tax Agreement are reasonable. The Issuer 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 Issuer is issuing the Bonds simultaneously with the execution of this Tax Agreement, under the laws of the State of Missouri, Ordinance No. 170132 (the “Ordinance”) passed by the governing body of the Issuer and the Indenture. The Series 2017D Bonds are being issued to provide funds: (a) to current refund the Refunded Series 2007A Bonds and (b) to pay certain costs related to the issuance of the Series 2017D Bonds.

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 (the “Bond Fund”);
- (c) Revenue Fund, and within such Revenue Fund a State Sales Tax Revenues Account, an Incremental Tax Revenues Account, a Super TIF Revenues Account and a City Revenues Account;
- (d) Refunding Fund;
- (e) Midtown Business Interruption Fund; and
- (f) Rebate Fund (the “Rebate Fund”).

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

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

(a) Amount of Series 2017D Bond Proceeds. The total proceeds to be received by the Issuer from the sale of the Series 2017D Bonds will be as follows:

Principal Amount	\$16,185,000.00
Original Issue Premium	1,477,563.70
Underwriters’ Discount	<u>(40,404.76)</u>
Total Net Proceeds	<u>\$17,622,158.94</u>

(b) Use of Series 2017D Bond Proceeds. The Series 2017D Bond net proceeds are expected to be allocated to expenditures as follows:

(1) The sum of \$17,478,516.53 of the proceeds of the Series 2017D Bonds shall be deposited in the Refunding Fund and transferred to the Escrow Agent for deposit in the Escrow Fund to be applied, together with \$418,825.00 from the Series 2007A Debt Service Fund as provided in (c)(1) below, pursuant to the Escrow Trust Agreement to the payment of interest on the Refunded Series 2007A Bonds on April 1, 2017 and principal of and interest on the Refunded Series 2007A Bonds April 24, 2017, the optional redemption date thereof.

(2) The sum of \$133,642.41 shall be deposited in the Costs of Issuance Fund.

(3) The sum of \$10,000.00 shall be deposited in the Rebate Fund.

(c) Use of Other Moneys. Other moneys of the Issuer shall be deposited or applied, as follows:

(1) \$418,825.00 from the Debt Service Fund for the Series 2007A Bonds shall be deposited in the Escrow Fund simultaneously with the delivery of the Bonds.

(2) In addition, following the payment of the principal of and interest on the Series 2007A Bonds maturing on April 1, 2017, at which time the Series 2007A Bonds will no longer be outstanding, any moneys remaining in the Midtown Business Interruption Fund, Debt Service Fund and Revenue Fund held by the Series 2007A Trustee under the Series 2007A Indenture and any earnings thereon will be transferred to the Trustee for deposit in the comparable funds under the Series 2017D Indenture.

Section 3.6. Current Refunding.

(a) Proceeds of the Series 2017D Bonds will be used to pay principal and interest on the Refunded Series 2007A Bonds on April 24, 2017. Proceeds of the Refunded Series 2007A Bonds were applied to advance refund the Series 2000A Bonds that had financed and refinanced Midtown Redevelopment Project costs as described in **Recital 3** hereof. **Exhibit D** attached hereto sets forth the Refunded Series 2007A Bonds. The purpose of the refunding is (i) to achieve interest cost savings for the Issuer through early redemption of the Refunded Series 2007A Bonds, (ii) to reduce the debt service requirements of the Issuer, and (iii) to provide an orderly plan of financing for the Issuer. There are no unexpended proceeds of the Series 2007A Bonds.

As set forth in **Section 2.1(f)**, the weighted average maturity of the Series 2017D Bonds will not exceed 120% of the “average reasonably expected economic life” of the Financed Facilities.

The Refunded Series 2007A Bonds will be paid and redeemed in full on April 24, 2017.

(b) The Issuer has caused Robert Thomas CPA, LLC, certified public accountants (the “Verification Agent”), to prepare the Verification Report for the Refunded Series 2007A Bonds (the “Verification Report”), which Verification Report verifies the accuracy of certain schedules relating, among other things, to (a) the Bond Yield and the Yield on the Escrowed Securities defined in the Escrow Agreement and purchased or to be purchased from the moneys

on deposit in the Escrow Fund and (b) the cash flows required to effect the payment of principal of and interest on, and the redemption price of, the Refunded Series 2007A Bonds, all as described in the Verification Report and the Escrow Agreement. Such schedules are attached to the Verification Report. The Bond Yield has been computed as provided in **Section 3.11** hereof. The Yield of the Escrowed Securities, as shown in such schedules, has been computed as that Yield (determined on the basis of semiannual interest compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price. Such schedules demonstrate that the Yield of the Escrowed Securities purchased with proceeds of the Bonds is no more than one one-thousandth of one percentage point (0.00001) greater than the Bond Yield.

(c) The Escrow Fund will be invested in a portfolio comprised of SLGS which were purchased from the Department of the Treasury Bureau of the Fiscal Service (the “Escrow Portfolio”). The combined Yield on Investments in the Escrow Portfolio, as verified by the Verification Agent in the Verification Report, will be lower than the Bond Yield. Any moneys remaining in the Escrow Fund after the Refunded Series 2007A Bonds have been called and paid, if any, will be transferred to the City. Included in the Transcript of Proceedings relating to the Bonds is a copy of the purchase confirmation and description of the SLGS.

Section 3.7. No Over-Issuance. The sale proceeds of the Bonds do not exceed the cost of the governmental purpose of the Bonds as described above.

Section 3.8. Sinking Funds. The Issuer is required under the Indenture to make periodic payments to the Trustee in amounts sufficient to pay the principal of and interest on the Bonds. The Trustee will deposit such payments into the Bond Fund. Except for the Bond Fund, the Issuer has not 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 Bond Fund is used primarily to achieve a proper matching of revenues with principal and interest payments on the Bonds within the Bond Year, and the Issuer expects that the Bond Fund will qualify as a Bona Fide Debt Service Fund.

Section 3.9. Reserve, Replacement and Pledged Funds.

(a) Reserve Fund. A Reserve Fund has not been established for the Series 2017D Bonds from proceeds of the Series 2017D Bonds. A Reserve Fund was not established for the Series 2007A Bonds.

(b) No Other Replacement Funds. There are no transferred proceeds of the Series 2007A Bonds other than as noted in Section 3.5 relating to moneys being transferred from the debt service fund for the Series 2007A Bonds. None of the Bond proceeds will be used as a substitute for other funds that were intended or earmarked to pay Project costs will be used to acquire higher yielding investments. Except for the Bond 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 the Issuer encounters financial difficulty.

Section 3.10. Midtown Business Interruption Fund. Moneys in the Midtown Business Interruption Fund, funded by the Issuer from sources other than the proceeds of the Bonds, are to be used to pay redevelopment costs of the Midtown Redevelopment Project and for other purposes as designated by the Issuer and described in **Section 4.07** of the Indenture. Although amounts on deposit in the Midtown Business Interruption Fund may also be used to pay debt service obligations for which funds are not otherwise available, the Issuer reasonably expects that Incremental Tax Revenues and Super TIF

Revenues from the Midtown Redevelopment Project will be sufficient to pay the Midtown Debt Service Portion. Accordingly, moneys in the Midtown Business Interruption Fund are not expected to be applied to pay debt service on the Bonds.

Section 3.11. Purpose Investment Yield. The proceeds of the Bonds will not be used to purchase an Investment for the purpose of carrying out the governmental purpose of the financing.

Section 3.12. Offering Prices and Yield on Bonds.

(a) Offering Prices. In the Underwriters' Receipt for Bonds and Closing Certificate, the Underwriter has certified that (1) all of the Bonds have been the subject of an initial offering to the public at prices no higher than those shown on the cover page of the Official Statement, plus accrued interest (the "Offering Prices") and (2) as of the date of the Official Statement, the Underwriters reasonably expected that at least 10% of the Bonds of each maturity will be sold to the public at initial offering prices no higher than said Offering Prices. The Issuer is not aware of any facts or circumstances that would cause it to question the accuracy of the representations made by the Underwriters, as set forth in the Underwriters' Receipt for Bonds and Closing Certificate. As noted in **Section 2.1(l)**, the Series 2017D Bonds are treated as a single issue for federal tax purposes. The aggregate initial offering price of the Series 2017D Bonds is \$17,662,563.70, which includes an original issue premium of \$1,477,563.70.

(b) Bond Yield. Based on the Offering Price of the Series 2017D Bonds described in **Section 3.14(a)**, the Yield on the Series 2017D Bonds is 1.8269%, as computed by the Financial Advisor, and certified to in **Exhibit B** attached hereto. As used in this Tax Agreement, the term "Yield" refers to the discount rate which, when used in computing the present worth of all payments of principal and interest to be paid on an obligation, produces an amount equal to the issue price. The calculations of Yield have been made on the basis of semiannual compounding using a 360 day year and upon the assumption that payments are made on the last day of each semiannual interest payment period. For purposes of calculating the Yield on the Series 2017D Bonds, the Series 2017D Bonds sold at substantial premiums have been treated as redeemed on the earliest optional redemption date resulting in the lowest Yield on the Series 2017D Bonds. The Issuer has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Series 2017D Bonds.

Section 3.13. 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 (a) enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and (b) 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 Issuer, do not exceed the cost of the governmental purpose of the Bonds as described above.

Section 3.14. Conclusion. On the basis of the facts, estimates, and circumstances set forth in this Tax Agreement, the Issuer 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 Section 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 IV** is to set forth the policies and procedures governing compliance with the federal income tax requirements for the Bonds that apply after the Bonds are issued. The Issuer recognizes that interest on the Bonds will remain excludable from gross income only if the Post-Issuance Tax Requirements are followed after the Issue Date. The Issuer further acknowledges that written evidence substantiating compliance with the 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) Written Policies and Procedures of the Issuer. The Issuer has approved its Post Issuance Policy and Procedure. The Post Issuance Policy and Procedure serves as the Issuer's written policies and procedures related to the Post-Issuance Tax Requirements and other matters applicable to all tax-exempt obligations issued by the Issuer. The Issuer intends for this Tax Agreement to supplement the Issuer's Post Issuance Policy and Procedure for the Bonds. In the event of a conflict between the Issuer's Post Issuance Policy and Procedure and this Tax Agreement, the Issuer intends for the provisions of this Tax Agreement to supersede any conflicting provision of the Issuer's Post Issuance Policy and Procedure with regard to the Bonds.

(c) Issuer Responsible for Post-Issuance Tax Requirements. The Issuer acknowledges that the investment and expenditure of proceeds of the Bonds are primarily within its control and that substantially all of the Net Proceeds of the Bonds will be used to finance property that is owned and controlled by the Issuer. For these reasons, the Issuer agrees to undertake the responsibility for satisfying the Post-Issuance Tax Requirements. This responsibility 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 other City officials, departments and administrators as set forth in the Issuer's Post Issuance Policy and Procedure, 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) Issuer Cooperation; Opinion of Bond Counsel. The Issuer 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.

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

(a) Record Retention Procedure. The Issuer recognizes: (1) that investors purchase the Bonds with the expectation that interest on the Bonds is excluded from gross income for federal income tax purposes, (2) that the tax-exempt status of interest on the Bonds depends on the accuracy of the representations and the satisfaction of the covenants contained herein by the Issuer, many of which relate to matters that will occur after the date the Bonds are issued, and (3) that as part of its ongoing tax-exempt bond audit program the IRS requires that records be created and maintained with respect to the following matters:

(1) Documentation evidencing an allocation of expenditures of Bond proceeds in sufficient detail to determine the date of the expenditure, the asset acquired or the purpose of the expenditure.

(2) Documentation evidencing use of Bond financed property by public and private persons (i.e. copies of Management Agreements, leases, or output contracts).

(3) Documentation evidencing all sources of payment or security for the Bonds.

(4) Documentation pertaining to any investment of Bond proceeds (including the purchase and sale of securities, SLGs subscriptions, actual investment income received from the investment of proceeds, guaranteed investment contracts, and (if required) rebate calculations).

(5) Arbitrage rebate reports and/or opinions.

The Issuer has or will establish procedures to create and retain the records and documentation listed above.

(b) Time-Period Records Must Be Retained; Electronic Storage Permitted. Unless otherwise specifically instructed in a written Opinion of Bond Counsel or to the extent otherwise provided in this Tax Agreement, the Issuer will retain records related to the Post-Issuance Tax Requirements until three 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 Issuer and (5) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system on the Issuer's premises.

(c) Allocation of Bond Proceeds to Expenditures. The Issuer will keep records relating to the allocation of Bond proceeds to expenditures and the Financed Facilities. The Issuer will obtain an Opinion of Bond Counsel in the event the Issuer decides to allocate such proceeds differently than stated in this Tax Agreement or to change the ownership or use of the Financed Facilities.

(d) Opinions of Bond Counsel. The Bond Compliance Officer is responsible for obtaining and delivering to the Issuer any Opinion of Bond Counsel required under the provisions of this 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) Refunding Fund. Amounts in the Refunding Fund will be transferred to the Escrow Fund on the Issue Date.

(b) Escrow Fund. The proceeds of the Series 2017D Bonds deposited to the Escrow Fund to be used to accomplish the current refunding of the Series 2007A Bonds may be invested without Yield restriction for 90 days.

(c) Costs of Issuance Fund. Amounts held in the Costs of Issuance Fund may be invested without yield restriction for a 13-month temporary period.

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

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

(f) Rebate Fund. The amounts deposited in the Rebate Fund may be invested without yield restriction as part of the Minor Portion.

Section 4.4. Fair Market Value.

(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 Section 1.148-5 of the Regulations.

(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 Section 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 Section 1.148-5 of the Regulations.

(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 (i) the CD has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal, (ii) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States, and (iii) 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 Issuer is applying Regulations § 1.148-5(d)(6)(iii)(A) (including provisions relating to electronic bidding of Guaranteed Investment Contracts) to the Bonds. 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 Issuer 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 (a) that the potential provider did not consult with any other potential provider about its bid, (b) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer, the Trustee or any other person (whether or not in connection with the Bond issue), and (c) that the bid is not being submitted solely as a courtesy to the Issuer, 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 Issuer’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 three “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 Issuer or Trustee must meet all of the following requirements:

(A) The Issuer or Trustee receives at least three bids from providers that were solicited as described above and that do not have a “material financial interest” in the issue. For this purpose, (a) 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, (b) 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 (c) 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 one of the three bids received is from a reasonably competitive provider, as defined above; and

(C) If the Issuer 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 Trustee retains the following records with the Bond documents until three 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 Issuer or Trustee for the Guaranteed Investment Contract, including a record of any administrative costs paid by the Issuer or Trustee, and the certification as to fees paid, described in paragraph 4(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 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 three 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** above. 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) Bona Fide Debt Service Fund. To the extent the Bond 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, 18-month or 2-year spending exception, or (2) for a given Bond Year, if the gross earnings on the Bond Fund for such Bond Year are less than \$100,000.

Section 4.6. Computation and Payment of Arbitrage Rebate.

(a) Rebate Fund. The Trustee will keep the Rebate Fund separate from all other funds and will administer the Rebate Fund under this Tax Agreement. Any investment earnings derived from a Rebate Fund will be credited to such Rebate Fund, and any investment loss will be charged to such Rebate Fund.

(b) Computation of Rebate Amount. The Trustee will provide the Rebate Analyst investment reports relating to each fund held by the Trustee that contains Gross Proceeds of the Bonds at such times as reports are provided to the Issuer. The Issuer will provide the Rebate Analyst with copies of investment reports for any funds containing Gross Proceeds that are held by a party other than the Trustee annually as of the end of each Bond Year and not later than 10 days following receipt of each Certificate of Completion. Each investment report provided to the Rebate Analyst will contain a record of each investment, including (a) purchase date, (b) purchase price, (c) information establishing the fair market value on the date such investment was allocated to the Bonds, (d) any accrued interest paid, (e) face amount, (f) coupon rate, (g) frequency of interest payments, (h) disposition price, (i) any accrued interest received, and (j) 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 Trustee and the Issuer 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 is related. In performing its duties, the Rebate Analyst may rely, in its discretion, on the correctness of financial analysis reports prepared by other professionals. If the sum of the amount on deposit in the Rebate Fund is less than the arbitrage rebate due, the Issuer will, within 55 days after such Computation Date, pay to the Trustee the amount of the deficiency for deposit into the applicable Rebate Fund. If the sum of the amount on deposit in the Rebate Fund is greater than the Rebate Amount, the Trustee will transfer such surplus from the Rebate Fund to the applicable Bond Fund. After the final Computation Date, any money left in the Rebate Fund will be paid to the Issuer and may be used for any purpose not prohibited by law.

(c) Rebate Payments. Within 60 days after each Computation Date, the Trustee will pay to the United States (but solely from money in the applicable Rebate Fund or provided by the

Issuer) the rebate amount then due, determined in accordance with the Regulations. Each rebate 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

Section 4.7. Successor Rebate Analyst. If the Rebate Analyst resigns or becomes incapable of acting for any reason, or if the Issuer desires that a different Rebate Analyst be appointed, then the Issuer, by an instrument or concurrent instruments in writing delivered to the Trustee, will engage a successor Rebate Analyst. In the event the Rebate Analyst resigns or becomes incapable of acting for any reason and the Issuer does not appoint a qualified successor Rebate Analyst within thirty (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.

Section 4.8. Records. The Trustee will retain copies of each arbitrage report and opinion until six years after the final Computation Date.

Section 4.9. Filing Requirements. The Issuer and the Trustee will file or cause to be filed with the Internal Revenue Service 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.

Section 4.10. 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.

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 recordkeeping and payment of arbitrage rebate and all related penalties and interest will remain in effect until all such amounts are paid to the United States.

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 Bondholders, 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, and with the Indenture, such amendment will not cause any Bond to be an arbitrage bond under Code Section 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 Issuer and the Trustee receive an Opinion of Bond Counsel 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 Issuer 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 validity of the Bonds or cause an Event of Taxability to

occur. The Issuer 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 Trustee is making only those certifications, representations, and agreements as are specifically attributed to it in this Tax Agreement. The balance of the certifications, representations, and agreements contained in this Tax Agreement, except those made by the Underwriters in the Underwriters' Closing Certificate and those made by the Financial Advisor in the Certificate of Financial Advisor, are those of the Issuer, and the Trustee is relying on the Issuer with respect to them. The Trustee is not aware of any facts or circumstances that would cause it to question the accuracy of the facts, circumstances, estimates or expectations of the Issuer or the Underwriters, and to 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 Issuer, the Trustee 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 Issuer given in good faith described in Regulations Section 1.148-2(b)(2). The Issuer understands that such certification will be relied upon by the law firms of Kutak Rock LLP and the Hardwick Law Firm LLC in rendering their 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 may be pursued by the Bondowners pursuant to the terms of the Ordinance or any other document which references this Tax Agreement and gives remedies for a misrepresentation or breach thereof.

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.

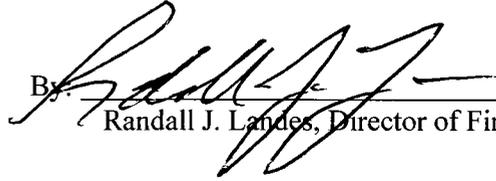
Section 5.9. Governing Law. This Tax Agreement will be governed by and construed in accordance with the laws of the State of Missouri.

Section 5.10. Electronic Transactions. The parties agree that the transactions described herein may be conducted and related documents may be stored by electronic means.

[Remainder of this page intentionally left blank]

THIS TAX COMPLIANCE AGREEMENT has been duly executed by a duly authorized officer of the Issuer as of the day and year first above written.

CITY OF KANSAS CITY, MISSOURI

By:  _____
Randall J. Landes, Director of Finance

THIS TAX COMPLIANCE AGREEMENT has been duly executed by a duly authorized officer of the Trustee as of the day and year first above written.

UMB BANK, N.A., as Trustee

By: 
Name: Lara Stevens
Title: Vice President

EXHIBIT A
IRS FORM 8038-G

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)
 ► See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name City of Kansas City, Missouri		2 Issuer's employer identification number (EIN) 44-6000201	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address) 414 East 12th Street	Room/suite 105	5 Report number (For IRS Use Only) 3	
6 City, town, or post office, state, and ZIP code Kansas City, MO 64106		7 Date of issue 03/23/2017	
8 Name of issue Special Obligation Bonds, Series 2017D		9 CUSIP number 485106 SJ8	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Douglas Buehler, City Treasurer		10b Telephone number of officer or other employee shown on 10a 816-513-1024	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.		
11 Education	11	
12 Health and hospital	12	
13 Transportation	13	
14 Public safety	14	
15 Environment (including sewage bonds)	15	
16 Housing	16	
17 Utilities	17	
18 Other. Describe ► Refinance City Redevelopment Project	18	17,662,563 70
19 If obligations are TANs or RANs, check only box 19a	►	<input type="checkbox"/>
If obligations are BANs, check only box 19b	►	<input type="checkbox"/>
20 If obligations are in the form of a lease or installment sale, check box	►	<input type="checkbox"/>

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	04/01/2022	\$ 17,662,563.70	\$ 16,185,000.00	3.0281 years	1.8269 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)				
22	Proceeds used for accrued interest	22	0	00
23	Issue price of entire issue (enter amount from line 21, column (b))	23	17,662,563	70
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	184,047	17
25	Proceeds used for credit enhancement	25	0	00
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0	00
27	Proceeds used to currently refund prior issues	27	17,478,516	53
28	Proceeds used to advance refund prior issues	28	0	00
29	Total (add lines 24 through 28)	29	17,662,563	70
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	0	00

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.		
31	Enter the remaining weighted average maturity of the bonds to be currently refunded	2.9562 years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded	N/A years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	04/24/2017
34	Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)	03/08/2007

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	0	00
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	0	00
b Enter the final maturity date of the GIC ▶ _____			
c Enter the name of the GIC provider ▶ _____			
37 Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	0	00
38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:			
b Enter the date of the master pool obligation ▶ _____			
c Enter the EIN of the issuer of the master pool obligation ▶ _____			
d Enter the name of the issuer of the master pool obligation ▶ _____			
39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box			<input type="checkbox"/>
40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box			<input type="checkbox"/>
41a If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:			
b Name of hedge provider ▶ _____			
c Type of hedge ▶ _____			
d Term of hedge ▶ _____			
42 If the issuer has superintegrated the hedge, check box			<input type="checkbox"/>
43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box			<input checked="" type="checkbox"/>
44 If the issuer has established written procedures to monitor the requirements of section 148, check box			<input checked="" type="checkbox"/>
45a If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement ▶ _____			
b Enter the date the official intent was adopted ▶ _____			

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
		04/05/17	Randall J. Landes, Dir. of Finance	
	Signature of issuer's authorized representative	Date	Type or print name and title	
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
	Kathryn Peters		4-10-17	PTIN P01483977
	Firm's name ▶	Firm's EIN ▶		816-960-0090
	Firm's address ▶	2300 Main Street, Suite 800, Kansas City, MO 64108		

KUTAK ROCK LLP

SUITE 800
TWO PERSHING SQUARE
2300 MAIN STREET

KANSAS CITY, MISSOURI 64108-2416

816-960-0090
FACSIMILE 816-960-0041

www.kutakrock.com

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MINNEAPOLIS
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OMAHA
PHILADELPHIA
RICHMOND
ROGERS
SCOTTSDALE
SPOKANE
WASHINGTON, D.C.
WICHITA

KATHRYN PRUESSNER PETERS
kathryn.peters@kutakrock.com
(816) 960-0090

April 11, 2017

VIA FEDERAL EXPRESS

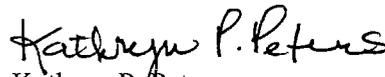
Internal Revenue Service Center
1973 Rulon White Boulevard
Ogden, Utah 84404

Re: City of Kansas City, Missouri
Special Obligation Bonds Series 2017D

On behalf of the City of Kansas City, Missouri, I have enclosed one original and a copy of Form 8038-G regarding the above-referenced issues for filing pursuant to Section 149(e) of the Internal Revenue Code of 1986. Please return the copy of the 8038-G stamped "received" to me in the enclosed, stamped, self-addressed envelope.

Should additional information be required, please give me a call.

Sincerely,


Kathryn P. Peters

gjo

Enclosures

ORIGIN ID:MKCA (816) 960-0090
GLENNA OSBORN
KUTAK
2300 MAIN STREET
SUITE 800
KANSAS CITY, MO 64108
UNITED STATES US

SHIP DATE: 11APR17
ACTWTG: 1.00 LB
CAD: 106010324NET3850

BILL SENDER

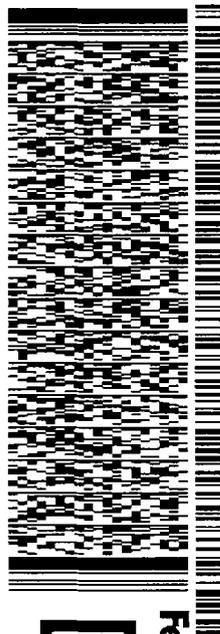
TO DEPARTMENT OF TREASURY
INTERNAL REVENUE SERVICE
1973 RULON WHITE BOULEVARD

OGDEN UT 84404

REF 92711 1154289

(816) 502-4809
INV
PO

DEPT



J171117021401uv

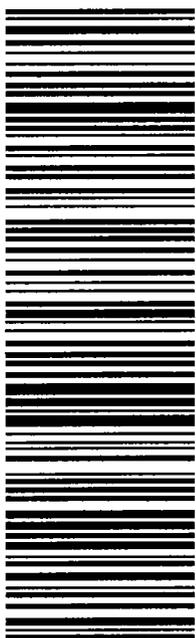
546J2/CFD6/63C1

TRK# 7788 7230 4825
0201

WED - 12 APR 3:00P
STANDARD OVERNIGHT

AX OGD A

UT-US 84404
SLC



After printing this label.

- 1 Use the 'Print' button on this page to print your label to your laser or inkjet printer
- 2 Fold the printed page along the horizontal line.
- 3 Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$1,000, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.

2017D

Osborn, Glenna J.

From: TrackingUpdates@fedex.com
Sent: Wednesday, April 12, 2017 11:23 AM
To: Osborn, Glenna J.
Subject: FedEx Shipment 778872304825 Delivered

Your package has been delivered

Tracking # 778872304825

Ship date:
Tue, 4/11/2017

Glenna Osborn
Kutak
KANSAS CITY, MO 64108
US

Delivery date:
Wed, 4/12/2017 10:17
am



Delivered

Department of Treasury
Internal Revenue Service
1973 Rulon White Boulevard
OGDEN, UT 84404
US



Shipment Facts

Our records indicate that the following package has been delivered.

Tracking number: 778872304825

Status: Delivered: 04/12/2017 10:17
AM Signed for By:
R.SCHWINGHAMMER

Reference: 92711.115/4289

Signed for by: R.SCHWINGHAMMER

Delivery location: OGDEN, UT

Delivered to: Shipping/Receiving

Service type: FedEx Standard Overnight

Packaging type: FedEx Envelope

Number of pieces: 1

Weight: 0.50 lb.

Special handling/Services: Deliver Weekday

Standard transit: 4/12/2017 by 3:00 pm

✉ Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 11:22 AM CDT on 04/12/2017.



Department of the Treasury
Internal Revenue Service
Ogden UT 84201-0074

Notice	CP152
Tax period	March 31, 2017
Notice date	May 29, 2017
Employer ID number	44-6000201
To contact us	Phone 1-877-829-5500 FAX 801-620-5555

081722.610266.368180.2300 1 AB 0.403 373



CITY OF KANSAS CITY MISSOURI
% PAYM
414 E 12TH STREET
KANSAS CITY MO 64106-2702



Page 1 of 1

081722

Acknowledgment of your March 23, 2017 Form 8038-G

We received your tax-exempt bond form

This notice serves as official acknowledgment that we received your Form 8038-G. If you filed more than one form, you will receive a separate acknowledgment for each one.

Tax-exempt bond information

Name of issue	SPECIAL OBLIGATION BONDS SERIES 201
CUSIP number	485106SJ8
Issue date	March 23, 2017
Issue price	\$17,662,563.00
Maturity date	April 1, 2022

Important reminders

- Attach a copy of this notice to all of your correspondence and documents related to this tax-exempt bond
- If a tax practitioner or someone else prepared your form, you may want to give them a copy of this notice. (A copy was automatically sent to all representatives authorized with a Power-of-Attorney for this form.)

Additional information

- Visit www.irs.gov/cp152.
- For tax forms, instructions, and publications, visit www.irs.gov or call 1-800 TAX-FORM (1-800-829-3676).
- If you have questions about tax-exempt bonds, call TEGE Customer Account Services at 1-877-829-5500.
- Keep this notice for your records.

If you need assistance, please don't hesitate to contact us.

EXHIBIT B

CERTIFICATE OF FINANCIAL ADVISOR

**\$16,185,000
Special Obligation Refunding Bonds
(Midtown Redevelopment Project)
Series 2017D
of the
City of Kansas City, Missouri**

In connection with the above-referenced Bonds (the “Bonds”), the undersigned, a duly authorized officer of FirstSouthwest, a Division of Hilltop Securities, as Co-Financial Advisor (the “Financial Advisor”), hereby certifies, represents, warrants and agrees as follows:

Capitalized terms not defined herein shall have the meanings set forth in the Trust Indenture dated as of March 1, 2017 (the “Indenture”), between the City of Kansas City, Missouri (the “Issuer”) and UMB Bank, N.A., as trustee (the “Trustee”) and in the Tax Compliance Agreement relating to the Bonds.

1. The Debt Service Schedule for the Bonds is attached to this Certificate.
2. The Yield on the Series 2017D Bonds is 1.8269%, as demonstrated on the Proof of Bond Yield attached to this Certificate. The calculations of Yield have been made on the basis of semiannual compounding using a 360-day year and upon the assumption that payments are made on the last day of each semiannual interest payment period. For purposes of calculating the Yield on the Bonds, the Bonds sold at substantial premiums have been treated as redeemed on the earliest optional redemption date resulting in the lowest Yield on the Bonds.
3. The weighted average maturity of the Series 2017D Bonds is 3.0281 years. The remaining weighted average maturity of the Refunded Series 2007A Bonds is 2.9562 years. See the schedules attached to this Certificate.

We understand that this Certificate shall form a part of the basis for the opinions, dated the date hereof, of Kutak Rock LLP and the Hardwick Law Firm LLC, Co-Bond Counsel, to the effect that interest on the Bonds is not includible in the gross income of the recipients thereof for purposes of federal income taxation under existing laws, regulations, rulings and judicial decisions.

DATED: March 23, 2017

FIRSTSOUTHWEST,
a Division of Hilltop Securities, Inc.

By:

Name:

Title:

Erick Macha

Erick Macha

Director

All Financial Advisor Schedules
Including Debt Service Schedules,
Proof of Bond Yield
and Weighted Average Maturity

[Attached]

SOURCES AND USES OF FUNDS

**Special Obligation Refunding Bonds, Series 2017D
 Refund IDA 2007A (Midtown Redevelopment Project)**

Dated Date 03/23/2017
 Delivery Date 03/23/2017

Sources:

Bond Proceeds:	
Par Amount	16,185,000.00
Premium	1,477,563.70
	<u>17,662,563.70</u>
Other Sources of Funds:	
Debt Service Fund	418,825.00
	<u>18,081,388.70</u>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	418,825.53
SLGS Purchases	17,478,516.00
	<u>17,897,341.53</u>
Delivery Date Expenses:	
Cost of Issuance	140,000.00
Underwriter's Discount	40,404.76
	<u>180,404.76</u>
Other Uses of Funds:	
Additional Proceeds	3,642.41
	<u>18,081,388.70</u>

Note: Final

BOND DEBT SERVICE

Special Obligation Refunding Bonds, Series 2017D
Refund IDA 2007A (Midtown Redevelopment Project)

=====

Dated Date 03/23/2017
Delivery Date 03/23/2017

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/2017			422,608.33	422,608.33	
04/01/2018	3,155,000	5.000%	404,625.00	3,559,625.00	
04/30/2018					3,982,233.33
10/01/2018			325,750.00	325,750.00	
04/01/2019	3,385,000	5.000%	325,750.00	3,710,750.00	
04/30/2019					4,036,500.00
10/01/2019			241,125.00	241,125.00	
04/01/2020	3,615,000	5.000%	241,125.00	3,856,125.00	
04/30/2020					4,097,250.00
10/01/2020			150,750.00	150,750.00	
04/01/2021	2,940,000	5.000%	150,750.00	3,090,750.00	
04/30/2021					3,241,500.00
10/01/2021			77,250.00	77,250.00	
04/01/2022	3,090,000	5.000%	77,250.00	3,167,250.00	
04/30/2022					3,244,500.00
	16,185,000		2,416,983.33	18,601,983.33	18,601,983.33

Note: Final

SUMMARY OF BONDS REFUNDED

**Special Obligation Refunding Bonds, Series 2017D
 Refund IDA 2007A (Midtown Redevelopment Project)**

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
IDA - Infrastructure Facilities Refunding Revenue Bonds, Series 2007A, 07A_IDA:					
SERIAL	04/01/2018	5.000%	3,395,000.00	04/24/2017	100.000
	04/01/2019	5.000%	3,615,000.00	04/24/2017	100.000
	04/01/2020	5.000%	3,860,000.00	04/24/2017	100.000
	04/01/2021	5.000%	3,195,000.00	04/24/2017	100.000
	04/01/2022	4.000%	3,360,000.00	04/24/2017	100.000
			17,425,000.00		

Note: Final

SAVINGS

Special Obligation Refunding Bonds, Series 2017D
Refund IDA 2007A (Midtown Redevelopment Project)

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Refunding Adjustments	Refunding Receipts	Refunding Net Cash Flow	Savings
04/30/2017	4,113,487.50	418,825.00	3,694,662.50		3,694,662.50	8,581.23	3,686,081.27	8,581.23
04/30/2018	4,232,650.00		4,232,650.00	3,982,233.33			3,982,233.33	250,416.67
04/30/2019	4,282,900.00		4,282,900.00	4,036,500.00			4,036,500.00	246,400.00
04/30/2020	4,347,150.00		4,347,150.00	4,097,250.00			4,097,250.00	249,900.00
04/30/2021	3,489,150.00		3,489,150.00	3,241,500.00			3,241,500.00	247,650.00
04/30/2022	3,494,400.00		3,494,400.00	3,244,500.00			3,244,500.00	249,900.00
	23,959,737.50	418,825.00	23,540,912.50	18,601,983.33	3,694,662.50	8,581.23	22,288,064.60	1,252,847.90

Savings Summary

Dated Date	03/23/2017
Delivery Date	03/23/2017
Savings PV rate	2.193641%
PV of savings from cash flow	1,173,719.91
Plus: Refunding funds on hand	3,642.41
Net PV Savings	1,177,362.32

Note: Final

ESCROW REQUIREMENTS

Special Obligation Refunding Bonds, Series 2017D
Refund IDA 2007A (Midtown Redevelopment Project)

Period Ending	Interest	Principal Redeemed	Total
04/01/2017	418,825.00		418,825.00
04/24/2017	53,516.53	17,425,000.00	17,478,516.53
	472,341.53	17,425,000.00	17,897,341.53

Note: Final

UNREFUNDED BOND DEBT SERVICE

Special Obligation Refunding Bonds, Series 2017D
Refund IDA 2007A (Midtown Redevelopment Project)

=====

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/01/2017	3,620,000	4.125%	74,662.50	3,694,662.50	
04/30/2017					3,694,662.50
	3,620,000		74,662.50	3,694,662.50	3,694,662.50

Note: Final

PROOF OF ARBITRAGE YIELD

**Special Obligation Refunding Bonds, Series 2017D
 Refund IDA 2007A (Midtown Redevelopment Project)**

=====

Date	Debt Service	Present Value to 03/23/2017 @ 1.8269399856%
10/01/2017	422,608.33	418,613.66
04/01/2018	3,559,625.00	3,494,060.74
10/01/2018	325,750.00	316,855.67
04/01/2019	3,710,750.00	3,576,758.51
10/01/2019	241,125.00	230,314.36
04/01/2020	3,856,125.00	3,649,898.15
10/01/2020	150,750.00	141,396.23
04/01/2021	3,090,750.00	2,872,732.85
10/01/2021	77,250.00	71,150.95
04/01/2022	3,167,250.00	2,890,782.57
	18,601,983.33	17,662,563.70

Proceeds Summary

Delivery date	03/23/2017
Par Value	16,185,000.00
Premium (Discount)	1,477,563.70
Target for yield calculation	17,662,563.70

Note: Final

FORM 8038 STATISTICS

Special Obligation Refunding Bonds, Series 2017D
 Refund IDA 2007A (Midtown Redevelopment Project)

=====

Dated Date 03/23/2017
 Delivery Date 03/23/2017

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bonds:						
	04/01/2018	3,155,000.00	5.000%	104.057	3,282,998.35	3,155,000.00
	04/01/2019	3,385,000.00	5.000%	106.986	3,621,476.10	3,385,000.00
	04/01/2020	3,615,000.00	5.000%	109.743	3,967,209.45	3,615,000.00
	04/01/2021	2,940,000.00	5.000%	111.908	3,290,095.20	2,940,000.00
	04/01/2022	3,090,000.00	5.000%	113.294	3,500,784.60	3,090,000.00
		16,185,000.00			17,662,563.70	16,185,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	04/01/2022	5.000%	3,500,784.60	3,090,000.00		
Entire Issue			17,662,563.70	16,185,000.00	3.0281	1.8269%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	180,404.76
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	17,478,516.53
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	2.9562
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

Note: Final

FORM 8038 STATISTICS

Special Obligation Refunding Bonds, Series 2017D
 Refund IDA 2007A (Midtown Redevelopment Project)

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
IDA - Infrastructure Facilities Refunding Revenue Bonds, Series 2007A:					
SERIAL	04/01/2018	3,395,000.00	5.000%	107.931	3,664,257.45
SERIAL	04/01/2019	3,615,000.00	5.000%	107.263	3,877,557.45
SERIAL	04/01/2020	3,860,000.00	5.000%	106.702	4,118,697.20
SERIAL	04/01/2021	3,195,000.00	5.000%	106.212	3,393,473.40
SERIAL	04/01/2022	3,360,000.00	4.000%	98.220	3,300,192.00
		17,425,000.00			18,354,177.50

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
IDA - Infrastructure Facilities Refunding Revenue Bonds, Series 2007A	04/24/2017	03/08/2007	2.9562
All Refunded Issues	04/24/2017		2.9562

Note: Final

EXHIBIT C

DESCRIPTION OF FINANCED FACILITIES

“Midtown Redevelopment Project” means the acquisition of property, demolition of blighted structures, construction, and improvement of parking facilities, sidewalks and other eligible redevelopment costs within the Midtown Tax Increment Financing Redevelopment Area in the City of Kansas City, Missouri.

The “average reasonably expected economic life” of the kinds of improvements financed and refinanced with proceeds of the Series 2000A Bonds as described in Recital 3 is not less than 20 years. 120% of the reasonably expected useful life of such improvements is 24 years. As described in Recital 3, as indicated in the Tax Compliance Agreement entered at the time the Series 2000A Bonds were issued, completion of the Midtown Redevelopment Project was expected by May 1, 2001. Approximately 15.9 years have elapsed since such date. Accordingly, 120% of the remaining “average reasonably expected economic life” of such improvements is not less than 8.1 years.

EXHIBIT D

REFUNDED SERIES 2007A BONDS

MATURITY APRIL 1	PRINCIPAL AMOUNT	INTEREST RATE
2018	\$ 3,395,000	5.000%
2019	3,615,000	5.000%
2020	3,860,000	5.000%
2021	3,195,000	5.000%
2022	3,360,000	4.000%

EXHIBIT E

ANNUAL COMPLIANCE CHECKLIST

Name of tax-exempt bonds (“Bonds”) financing Financed Facilities:	Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D
Issue Date of Bonds:	March 23, 2017
Placed in service date of Financed Facilities:	_____
Name of Bond Compliance Officer:	_____
Period covered by request (“Annual Period”):	_____

Item	Question	Response
1 Source of Payment for Bonds	During the Annual Period, was any debt service on the Series 2017D Bonds paid from any other source of revenues than the TIF Revenues identified in the Indenture and annual appropriations of the Issuer?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If Yes, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

2 Arbitrage & Rebate	Have all rebate and yield reduction calculations mandated in the Tax Compliance Agreement been prepared for the current year?	<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: _____

**CLOSING CERTIFICATE OF THE TRUSTEE
(SERIES 2017A BONDS, SERIES 2017B BONDS, SERIES 2017C BONDS,
AND SERIES 2017D BONDS)**

The undersigned, UMB Bank, N.A. (the "Trustee"), as Trustee under (i) the Trust Indenture dated as of March 1, 2017 (the "Series 2017A and B Indenture"), between the Trustee and the City of Kansas City, Missouri (the "Issuer"), authorizing the issuance of \$31,610,000 Taxable Special Obligation Bonds (Kansas City, Missouri, Projects) Series 2017A (the "Series 2017A Bonds") and \$19,185,000 Special Obligation Bonds (Kansas City, Missouri, Projects) Series 2017B (the "Series 2017B Bonds") (ii) the Trust Indenture dated as of March 1, 2017 (the "Series 2017C Indenture"), between the Trustee and the City of Kansas City, Missouri, authorizing the issuance of \$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown) Series 2017C (the "Series 2017C Bonds"); and (iii) the Trust Indenture dated as of March 1, 2017 (the "Series 2017D Indenture" collectively with the Series 2017A and B Indenture and the Series 2017C Indenture are referred to herein as the "Indentures"), between the Trustee and the City of Kansas City, Missouri, authorizing the issuance of \$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D (the "Series 2017D Bonds" and collectively with the Series 2017A Bonds, the Series 2017B Bonds, and the Series 2017C Bonds "Series 2017A, B, C, and D Bonds") of the Issuer, does hereby certify as follows:

(1) Power and Authority. The Trustee is a national banking association duly organized and existing and authorized to accept and execute trusts under the laws of the State of Missouri and has full power and authority to act as Trustee, Paying Agent and Bond Registrar as provided in the Indentures.

(2) Execution of Documents. The Indentures, the Tax Compliance Agreements relating to the Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds, the Fourth Supplemental Trust Indenture relating to the Refunded Series 2005A Bonds and the Second Supplement to Redevelopment District Tax Distribution Agreement relating to the Series 2017D Bonds, have been duly executed on behalf of the Trustee, its corporate seal affixed thereto and attested by the duly authorized officers of the Trustee.

(1) Receipt of Documents. The Trustee hereby acknowledges receipt of the documents referred to in Section 202 of the Series 2017A and B Indenture which are required thereby to be filed with the Trustee prior to or simultaneously with the delivery of the Series 2017A Bonds and Series 2017B Bonds to the purchasers thereof. The Trustee hereby acknowledges receipt of the documents referred to in Section 202 of the Series 2017C Indenture which are required thereby to be filed with the Trustee prior to or simultaneously with the delivery of the Series 2017C Bonds to the purchasers thereof. The Trustee hereby acknowledges receipt of the documents referred to in Section 2.02 of the Series 2017D Indenture which are required thereby to be filed with the Trustee prior to or simultaneously with the delivery of the Series 2017C Bonds to the purchasers thereof.

(2) Authentication of Series 2017A, B, C and D Bonds. Pursuant to and in accordance with the provisions of Section 205 of the Series 2017A and B Indenture as to the Series 2017A Bonds and Series 2017B Bonds, Section 204 of the Series 2017C Indenture as to the Series 2017C Bonds and Section 2.06 of the Series 2017D Indenture as to the Series 2017D Bonds, and the written request and authorization of the Issuer, prior to the delivery of the Series 2017A, B, C and D Bonds, the Certificate of Authentication on each of the Series 2017A, B, C and D Bonds so delivered was signed on behalf of the Trustee by its duly elected or appointed, qualified and acting signatories.

(3) Delivery of Series 2017A, B and C Bonds. The Trustee on this date, at the written request and authorization of the Issuer, delivered the Series 2017A, B, C and D Bonds to the order of J.P. Morgan Securities LLC, as the representative of the purchasers thereof (the "Underwriters").

(4) Receipt of Purchase Price of Series 2017A Bonds.

The Trustee on this date received on behalf of the Issuer from the Underwriters, the full purchase price of the Series 2017A Bonds computed as follows:

Principal:		
Series 2017A Bonds		\$31,610,000.00
Less Underwriters' Discount		<u>-139,194.61</u>
Total Purchase Price		\$31,470,805.39

(5) Receipt of Purchase Price of Series 2017B Bonds.

The Trustee on this date received on behalf of the Issuer from the Underwriters, the full purchase price of the Series 2017B Bonds computed as follows:

Principal:		
Series 2017B Bonds		\$19,185,000.00
Plus Net Original Issue Premium		1,342,278.30
Less Underwriters' Discount		<u>- 61,088.08</u>
Total Purchase Price		\$20,466,190.22

(6) Receipt of Purchase Price of Series 2017C Bonds.

The Trustee on this date received on behalf of the Issuer from the Underwriters, the full purchase price of the Series 2017C Bonds computed as follows:

Principal:		
Series 2017C Bonds		\$89,410,000.00
Plus Net Original Issue Premium		11,240,258.05
Less Underwriters' Discount		<u>-315,824.35</u>
Total Purchase Price		\$100,334,433.70

(7) Receipt of Purchase Price of Series 2017D Bonds.

The Trustee on this date received on behalf of the Issuer from the Underwriters, the full purchase price of the Series 2017D Bonds computed as follows:

Principal:		
Series 2017D Bonds		\$16,185,000.00
Plus Net Original Issue Premium		1,477,563.70
Less Underwriters' Discount		<u>-40,404.76</u>
Total Purchase Price		\$17,622,158.94

(8) Deposit of Proceeds of Series 2017A, B, C and D Bonds. The Trustee on this date, in accordance with the provisions of the Indentures, will apply the proceeds of the Series 2017A, B, C and D Bonds as set forth in Schedule I attached. All moneys delivered to the Trustee under and pursuant to the Indentures have been duly deposited to the credit of the appropriate funds or accounts established under or in accordance with the Indentures or otherwise applied as provided in the Indentures. The Trustee has no knowledge of any default under the Indentures.

IN WITNESS WHEREOF, UMB Bank, N.A., as Trustee, has caused this certificate to be executed and its corporate seal affixed and attested by its duly authorized officers as of this 17 day of March, 2017.

UMB BANK, N.A., as Trustee

By 
Name: Jason McConnell
Title: Vice President

ATTEST:


Name: ELIZABETH E. ANGOTTI
Title: Assistant Secretary

[SEAL]

SCHEDULE I

**APPLICATION OF NET BOND
PROCEEDS**

Series 2017A

Project Fund	\$7,000,000.00
Linwood Project Account of Project Fund	16,250,000.00
Costs of Issuance Fund	177,531.06
Capitalized Interest Account of the Debt Service Fund	701,170.23
Trustee for the Kansas City Municipal Association Corporation Tax-Exempt Leasehold Improvement Revenue Bonds (H. Roe Bartle Convention Center and Infrastructure Project) Series 2004B-1	<u>7,342,104.10</u>
Total	\$31,470,805.39

Series 2017B

Project Fund	\$18,801,937.00
Costs of Issuance Fund	144,550.39
Refunding Fund	1,509,702.83
Rebate Fund	<u>10,000.00</u>
Total	\$20,466,190.22

Series 2017C

Refunding Fund	\$100,022,681.57
Costs of Issuance Fund	301,752.13
Rebate Fund	<u>10,000.00</u>
Total	\$100,334,433.70

Series 2017D

Refunding Fund	\$17,478,516.53*
Costs of Issuance Fund	133,642.41
Rebate Fund	<u>10,000.00</u>
Total	\$17,622,158.94

* In addition, \$418,825.00 was transferred from the Debt Service Fund maintained by the Trustee under the trust indenture pursuant to which the Refunded Series 2007A Bonds were issued for deposit in the Escrow Fund for the Refunded Series 2007A Bonds.

UNDERWRITERS' RECEIPT FOR BONDS AND CLOSING CERTIFICATE

The undersigned representative of J.P. Morgan Securities LLC, (the "Underwriter") hereby acknowledges receipt on the date hereof from the City of Kansas City, Missouri (the "Issuer"), of \$31,610,000 Taxable Special Obligation Bonds (Kansas City, Missouri, Projects) Series 2017A (the "Series 2017A Bonds"), \$19,185,000 Special Obligation Bonds (Kansas City, Missouri, Projects) Series 2017B (the "Series 2017B Bonds"), \$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the "Series 2017C Bonds"), and \$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D (the "Series 2017D Bonds"). (Collectively, the Series 2017A Bonds, the Series 2017B Bonds, the Series 2017C Bonds, and the Series 2017D Bonds are referred to herein as the "Bonds"). Such Bonds of each series consist of fully registered Bonds without coupons, numbered from R-1 consecutively upward in the denomination of \$5,000 or integral multiples thereof, dated their date of issue, becoming due on the dates and bearing interest at the rates as set forth in (i) the Trust Indenture dated as of March 1, 2017 (the "Series 2017A and B Indenture") by and between the Issuer and UMB Bank, N.A., as Trustee (the "Trustee") relating to the Series 2017A Bonds and the Series 2017B Bonds; (ii) the Trust Indenture dated as of March 1, 2017 (the "Series 2017C Indenture"), by and between the Issuer and UMB Bank, N.A., as Trustee, relating to the Series 2017C Bonds; and (iii) the Trust Indenture dated as of March 1, 2017 (the "Series 2017D Indenture") by and between the Issuer and UMB Bank, N.A., as Trustee, relating to the Series 2017D Bonds. The Series 2017A and B Indenture, the Series 2017C Indenture and the Series 2017D Indenture are referred to collectively herein as the "Indentures," as applicable.

1. The Underwriters and the Issuer have executed a Bond Purchase Agreement (the "Purchase Contract") in connection with the issuance and sale of the Bonds on March 8, 2017 (the "Sale Date"). The Purchase Contract has not been modified since its execution on the Sale Date.

2. As of the Sale Date, the first prices at which the Underwriters reasonably expected to sell 10% of each maturity of each series of Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) were the prices shown on Schedule II to the Purchase Contract.

3. (a) All of the Bonds have been the subject of a *bona fide* initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Based upon the Underwriters' assessment of then prevailing market conditions, the price at which each Bond was sold is not greater than the fair market value of each Bond as of the Sale Date.

(b) As of the Sale Date, based upon information received from the Underwriters' co-managers and selling group and based upon then prevailing market conditions, the undersigned had no reason to believe that any of the Bonds would be initially sold to the public (excluding bond houses, brokers or other persons or organizations acting in the capacity as underwriters or wholesalers) at prices greater, or yields less, than those shown on Schedule II to the Purchase Contract.

4. The Underwriters further acknowledge that they have timely received in satisfactory form and manner all proceedings, certificates, opinions, letters and other documents required to be submitted to the Underwriters pursuant to the Purchase Contract prior to or on the date of the delivery of and payment for the Bonds, and that the Issuer in all respects complied with and satisfied all of its obligations to the Underwriters which are required under the Purchase Contract to be complied with and satisfied in connection with the purchase of the Bonds by the Underwriters on or before such date.

5. The undersigned is certifying only as to facts and expectations in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws; in particular the regulations under the Code, or the application of any laws to these facts and expectations.

DATED as of this 23 day of March, 2017.

J.P. MORGAN SECURITIES LLC

By: 
Name: Matthew Couch
Title: Executive Director

IRREVOCABLE INSTRUCTIONS

To: UMB Bank, N.A.
1010 Grand Blvd.
Kansas City, Missouri 64106
Attention: Corporate Trust Department

Re: \$96,040,000 Principal Amount of Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A of The Industrial Development Authority of the City of Kansas City, Missouri

The Industrial Development Authority of the City of Kansas City, Missouri (the "Authority") previously issued its Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A, in the aggregate principal amount of \$115,015,000, which were converted to a fixed rate and designated Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A, and reissued in the aggregate principal amount of \$114,915,000 (the "**Series 2005A Bonds**") for the purposes described in the Indenture.

UMB Bank, N.A. serves as trustee (the "Trustee") for the above-referenced Series 2005A Bonds under a Trust Indenture dated as of March 1, 2005, as amended by the Amended and Restated Indenture dated as of June 1, 2009 and Series 2005A Series Supplement dated June 6, 2007 (as amended and supplemented, the "**Indenture**"), and also serves as escrow trustee (the "Escrow Trustee") under the Escrow Trust Agreement dated as of March 1, 2017 (the "Series 2005A Escrow Trust Agreement") between the Escrow Trustee and the City of Kansas City, Missouri (the "City").

The City has advised the Authority of its intention to issue its Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), Series 2017C for the purpose of providing funds to refund the currently Outstanding Series 2005A Bonds. In connection with the refunding of the Series 2005A Bonds, the Authority irrevocably instructs the Trustee as follows:

- (a) On the date hereof, the City has advance refunded and provided for the defeasance of \$96,040,000 principal amount of the above-referenced Series 2005A Bonds (the "Series 2005A Bonds") in accordance with the Indenture by the deposit in trust, on the date hereof, in the Escrow Fund established with the Escrow Trustee pursuant to the Series 2005A Escrow Trust Agreement, of moneys in an amount that will be fully sufficient to pay the principal of and interest on the Series 2005A Bonds on December 1, 2017 (the "Redemption Date").
- (b) The Authority and the City direct the Escrow Trustee, upon receipt of such moneys, to hold such moneys separate and apart from all other funds held by the Escrow Trustee, and to apply such moneys to the payment and redemption of the Refunded Bonds on their respective maturity dates and on the Redemption Date in accordance with the Series 2005A Escrow Trust Agreement.
- (c) The Authority and the City direct the Trustee to give notice of the defeasance of the Series 2005A Bonds in accordance with the requirements of the Indenture.

- (d) The Authority and the City direct the Trustee to give timely notice of the redemption of the Series 2005A Bonds prior to the Redemption Date in accordance with the requirements of the Indenture.
- (e) The Authority and the City further request the Trustee, upon the deposit with the Trustee as Escrow Trustee, in trust, of moneys in the necessary amount to defease and pay all the Series 2005A Bonds as aforesaid, and notice of defeasance having been given as provided in the Indenture, and compliance with the other requirements of the Indenture for satisfaction and discharge of the Series 2005A Bonds and the Indenture with respect to the Series 2005A Bonds, to execute and deliver to the Authority and the City the proper instruments acknowledging the satisfaction and discharge of the Series 2005A Bonds and the Indenture with respect to the Series 2005A Bonds, in accordance with the provisions thereof.

The City agrees to pay all costs and expenses incurred in connection with such defeasance.

These instructions, upon acknowledgment of receipt and acceptance of the terms hereof by the Trustee and Escrow Trustee, shall constitute a binding irrevocable agreement between the Authority, the City and the Trustee and Escrow Trustee.

DATED: March 23, 2017.

**THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE CITY OF KANSAS
CITY, MISSOURI**

By:  _____
Heather Brown, Executive Director

CITY OF KANSAS CITY, MISSOURI

By _____
Randall J. Landes, Director of Finance

**ACKNOWLEDGMENT AND
AGREEMENT:**

UMB BANK, N.A., as Trustee and Escrow
Trustee

By: _____
Title: Authorized Signatory

DATED: March 23, 2017.

**THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE CITY OF KANSAS
CITY, MISSOURI**

By: _____
Heather Brown, Executive Director

CITY OF KANSAS CITY, MISSOURI

By:  _____
Randall J. Landes, Director of Finance

**ACKNOWLEDGMENT AND
AGREEMENT:**

UMB BANK, N.A., as Trustee and Escrow
Trustee

By: _____
Title: Authorized Signatory

DATED: March 23, 2017.

**THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE CITY OF KANSAS
CITY, MISSOURI**

By: _____
Heather Brown, Executive Director

CITY OF KANSAS CITY, MISSOURI

By _____
Randall J. Landes, Director of Finance

**ACKNOWLEDGMENT AND
AGREEMENT:**

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

By: 
Title: Authorized Signatory

ESCROW TRUST AGREEMENT
BY AND BETWEEN
THE CITY OF KANSAS CITY, MISSOURI
AND
UMB BANK, N.A.
Dated as of March 1, 2017

Relating to

\$96,040,000
Outstanding Principal Amount of
Tax-Exempt Revenue Bonds
(Kansas City Downtown Redevelopment District)
Series 2005A
of
The Industrial Development Authority
of the City of Kansas City, Missouri

ESCROW TRUST AGREEMENT

THIS ESCROW TRUST AGREEMENT dated as of March 1, 2017 (the “**Escrow Agreement**”), by and between the **CITY OF KANSAS CITY, MISSOURI**, a constitutional charter city and political subdivision of the State of Missouri (the “**Issuer**”), and **UMB BANK, N.A.**, a national banking organization duly organized and existing under the laws of the United States of America, and authorized to accept and execute trusts of the character herein set out under the laws of the State of Missouri, with a corporate trust office located in the City of Kansas City, Missouri, as Escrow Agent (the “**Escrow Agent**”).

WITNESSETH:

WHEREAS, pursuant to a Trust Indenture dated as of March 1, 2005, as amended by the Amended and Restated Indenture dated as of June 1, 2009 and Series 2005A Series Supplement dated June 6, 2007 (as amended and supplemented, the “**Indenture**”), by and between The Industrial Development Authority of the City of Kansas City, Missouri (the “**Authority**”) and UMB Bank, N.A., as trustee, the Authority has previously issued its Variable Rate Demand Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A, in the aggregate principal amount of \$115,015,000, which were converted to a fixed rate and designated Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A, and reissued in the aggregate principal amount of \$114,915,000 (the “**Series 2005A Bonds**”), for the purposes described in the Indenture; and

WHEREAS, the Issuer has determined to issue its Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), Series 2017C for the purpose of providing funds to, among other things, refund the currently Outstanding Series 2005A Bonds, as more fully described on *Schedule A-1* attached hereto (the “**Refunded Bonds**”); and

WHEREAS, in order to duly provide for the payment of the Refunded Bonds, the proper and timely deposit and application of such funds or securities as are required for payment of the Refunded Bonds on the payment dates therefor and to furnish irrevocable instructions therefor on the Redemption Date, it is necessary to enter into this Escrow Agreement and to enter into certain covenants for the benefit of the owners from time to time of the Refunded Bonds;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

Section 1. Definitions. The words and terms used in this Escrow Agreement shall have the following meanings, unless the context or use indicates another or different meaning:

“Escrow Agent” means UMB Bank, N.A., a national banking organization duly organized and existing under the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth with a corporate trust office located in the City of Kansas City, Missouri.

“Escrow Fund” means the Escrow Fund established by Section 3 hereof.

“Escrow Agreement” means this Escrow Trust Agreement dated as of the date first hereinabove written, by and between the Issuer and the Escrow Agent.

“Escrowed Securities” means the U. S. Obligations set forth on *Schedule B* attached hereto and any Substitute Escrowed Securities.

“Issuer” means the City of Kansas City, Missouri, a constitutional charter city and political subdivision duly organized and existing under the laws of the State of Missouri.

“Payment Dates” means, with respect to the Refunded Bonds, June 1, 2017 and December 1, 2017, the dates upon which principal and interest are due on the Refunded Bonds and the Redemption Date, as shown on *Schedule A-2* attached hereto.

“Redemption Date” means December 1, 2017.

“Refunded Bonds” means \$96,040,000 Outstanding Principal Amount of the Authority’s Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A, issued under the Indenture, maturing in the years 2017 through 2032, as shown on *Schedule A-1* attached hereto.

“Trustee” means UMB Bank, N.A., as Trustee for the Refunded Bonds under the Indenture.

“Substitute Escrowed Securities” means U.S. Obligations which have been acquired by the Escrow Agent and substituted for Escrowed Securities in accordance with Section 8 of this Escrow Agreement.

“U.S. Obligations” means securities which are direct obligations of, or obligations unconditionally guaranteed as to timely payment of principal and interest by, the United States of America and backed by the full faith and credit thereof.

Words importing the singular number shall include the plural number and vice versa unless the context otherwise indicates.

Section 2. Receipt of Indenture. The Escrow Agent hereby acknowledges receipt of a true and correct copy of the Indenture. Reference herein to, or citation herein of, any provision of the Indenture shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if it were fully set forth herein.

Section 3. Creation of the Escrow Fund. There is hereby created and established with the Escrow Agent a special and irrevocable trust fund designated the “Escrow Fund” to be held in the custody of the Escrow Agent.

Section 4. Deposits into the Escrow Fund.

(a) Concurrently with the execution of this Escrow Agreement, there is hereby deposited with the Escrow Agent, and the Escrow Agent hereby acknowledges the receipt of, immediately available federal funds in the amount of \$100,022,681.57 which amount shall be deposited in the Escrow Fund. The amount deposited in the Escrow Fund shall be applied as follows:

(i) \$100,022,681.00 shall be used to purchase the Escrowed Securities described in *Schedule B* hereto, which shall be delivered to and deposited in the Escrow Fund.

(ii) \$0.57 shall be held uninvested in the Escrow Fund as a beginning balance.

(b) Except as set forth in this Section 4, the Escrow Agent shall not invest any money on deposit in the Escrow Fund.

Section 5. Verification of Certified Public Accountants. Robert Thomas CPA, LLC certified public accountant, in the Verification Report has verified the mathematical accuracy of the computations, described in *Schedule C* attached hereto, that demonstrate that the cash held in the Escrow Fund, together with the maturing principal of the Escrowed Securities held therein and interest to accrue thereon, without consideration of any reinvestment thereof, will be sufficient to pay all principal of and interest on the Refunded Bonds on scheduled maturity dates or the Redemption Date.

Section 6. Creation of Lien. The trust created hereby shall be irrevocable. The registered owners of the Refunded Bonds are hereby given an express lien on, and security interest in, the Escrowed Securities and the cash in the Escrow Fund and all earnings thereon and proceeds thereof until used and applied in accordance with this Escrow Agreement. The maturing principal of, and earnings on, the Escrowed Securities and any cash in the Escrow Fund are hereby pledged and assigned, and shall be applied solely for the payment of the principal of and interest on the Refunded Bonds; provided that following such payment, any remaining funds shall be paid to the Issuer.

Section 7. Application of Moneys in Escrow Fund. The Escrow Agent shall withdraw from the Escrow Fund the cash and moneys derived from the maturing principal of and interest on the Escrowed Securities in the Escrow Fund and shall forward to the paying agent of the Refunded Bonds the amount required for the payment of the principal of and interest due or to become due on the Refunded Bonds on the Payment Dates set forth on *Schedule A-2* attached hereto. Following the payment in full of the Refunded Bonds on the final Payment Date, any moneys remaining in the Escrow Fund will be paid to the Issuer.

Section 8. Substitute Securities. At the written request of the Issuer, and upon compliance with the conditions hereinafter stated, and provided that such substitution is approved in writing by Co-Bond Counsel, meaning the firms of Kutak Rock LLP and the Hardwick Law Firm, LLC, or other nationally recognized attorneys on the subject of tax-exempt bonds, the Escrow Agent shall have the power to request the redemption of, sell, transfer or otherwise dispose of any Escrowed Securities in the Escrow Fund and to substitute other U.S. Obligations therefor, which are not subject to redemption prior to maturity except at the option of the holder thereof and which are available for purchase with the proceeds derived from such disposition on the date of such transaction. The Escrow Agent shall purchase such substitute U.S. Obligations with the proceeds derived from the sale, transfer, disposition or redemption of the Escrowed Securities in the Escrow Fund. The transactions may be effected only by simultaneous sale and purchase transactions, and only if (a) the amounts and dates on which the anticipated transfers from the Escrow Fund to the Refunded Bonds Trustee for the payment of the principal of and interest on the Refunded Bonds will not be diminished or postponed thereby, and (b) concurrently with such substitution, the Escrow Agent shall receive from an independent certified public accountant a certification that, after such transaction, the principal of, premium and interest on all of the Escrowed Securities in the Escrow Fund will, together with other moneys available for such purpose, be sufficient at all times to pay the principal of and interest on the Refunded Bonds when due and the present value of such amount is at least equal to the present value of the principal of and interest on all of the Escrowed Securities in the Escrow Fund, together with other money available for such purpose immediately prior to such transaction.

Section 9. Notice of Redemption.

(a) The Issuer hereby irrevocably instructs UMB Bank, N.A., as Trustee for the above-referenced Refunded Bonds issued under the Indenture and as Escrow Agent under this Escrow

Agreement, to give timely notice of the redemption of the portion of the Refunded Bonds being redeemed on the Redemption Date prior to the Redemption Date in accordance with the requirements of the Indenture.

(b) The Issuer further requests the Trustee, upon the deposit with the Escrow Agent, in trust, of moneys in the necessary amount to defease and pay all the Refunded Bonds as aforesaid, and notice of defeasance having been given as provided in the Indenture, and compliance with the other requirements of the Indenture for satisfaction and discharge of the Refunded Bonds and the Indenture with respect to the Refunded Bonds, to execute and deliver to the Issuer the proper instruments acknowledging the satisfaction and discharge of the Refunded Bonds and the Indenture with respect to the Refunded Bonds, in accordance with the provisions thereof.

Section 10. Liability of Escrow Agent.

(a) The Escrow Agent shall not be liable for any loss resulting from any investment, sale, transfer or other disposition made pursuant to this Escrow Agreement in compliance with the provisions hereof. The Escrow Agent shall have no lien whatsoever on, or right of set-off with respect to, any of the moneys or Escrowed Securities on deposit in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Agent under this Escrow Agreement or otherwise.

(b) The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the Escrowed Securities and moneys to pay the Refunded Bonds. So long as the Escrow Agent applies the Escrowed Securities and moneys as provided herein, the Escrow Agent shall not be liable for any deficiencies in the amounts necessary to pay the principal of and interest on the Refunded Bonds caused by such calculations. Notwithstanding the foregoing, the Escrow Agent shall not be relieved of liability arising from, and proximate to, its failure to comply fully with the terms of this Escrow Agreement.

(c) In the event of the Escrow Agent's failure to account for any of the Escrowed Securities or moneys received by it, said Escrowed Securities or moneys shall be and remain the property of the Issuer in trust for the owners of the Refunded Bonds and if, for any reason, such Escrowed Securities or moneys are not applied as herein provided, the assets of the Escrow Agent shall be impressed with a trust for the amount thereof until the required application shall be made.

(d) The Escrow Agent undertakes to perform such duties and only such duties as are specifically set forth in this Escrow Agreement.

(e) The Escrow Agent may rely and shall be protected in acting upon or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, verification, order, bond, debenture, or other paper or document believed by the Escrow Agent to be genuine and to have been signed or presented by the proper party or parties.

(f) The Escrow Agent shall not be liable for any error of judgment made in good faith by an authorized officer, employee or agent of the Escrow Agent, unless the Escrow Agent was negligent in ascertaining the pertinent facts.

(g) Whether or not expressly so provided, every provision of this Escrow Agreement relating to the conduct or affecting the liability of or affording protection to the Escrow Agent shall be subject to the provisions of this Section.

(h) The Escrow Agent shall have the right, but not the obligation, to consult with counsel of choice and shall not be liable for action taken or omitted to be taken by Escrow Agent either in accordance with the advice of such counsel or in accordance with any opinion of counsel to the Issuer addressed and delivered to the Escrow Agent.

(i) The Escrow Agent shall have the right to perform any of its duties hereunder through agents, attorneys, custodians or nominees.

Section 11. Fees and Costs of the Escrow Agent. The aggregate amount of the costs, fees and expenses of the Escrow Agent in carrying out any of the duties, terms or provisions of this Escrow Agreement shall be \$750.

Notwithstanding the preceding paragraph, the Escrow Agent, acting as Trustee, also shall be entitled to reimbursement or advancement from the Issuer for out-of-pocket, legal or other reasonable expenses incurred in carrying out the duties, terms or provisions of this Escrow Agreement, including, but not necessarily limited to, publication costs associated with redemptions requiring notice, and such costs, fees and expenses as would be associated with a substitution of securities as provided in Section 8 hereof. Claims for such reimbursement shall be made to the Issuer and in no event shall such reimbursement be made from funds held by the Escrow Agent pursuant to this Escrow Agreement.

Section 12. Resignation or Removal of Escrow Agent; Successor Escrow Agent. The Escrow Agent at the time acting hereunder may at any time resign and be discharged from its duties hereunder by giving written notice to the Issuer and to the Trustee not less than sixty (60) days prior to the date when the Escrow Agent proposes that the resignation will take effect. Such resignation shall take effect only upon the occurrence of the following events: (a) the appointment by the Issuer of a successor Escrow Agent (which may be a temporary Escrow Agent), (b) the acceptance by such successor Escrow Agent of the terms, covenants and conditions of this Escrow Agreement, (c) the transfer of the Escrow Fund, including the moneys and Escrowed Securities held therein, to such successor Escrow Agent, (d) the refund to the Issuer of a pro rata portion of the fees paid to the Escrow Agent pursuant to Section 10 hereof, and (e) the completion of any other actions required for the principal of, and interest on, the Escrowed Securities to be made payable to such successor Escrow Agent rather than to the resigning Escrow Agent. If such events have not occurred by the date that the Escrow Agent proposes that the resignation shall take effect, then the resignation shall not take effect on such proposed date, but shall take effect on the date when all of such events have occurred.

The Escrow Agent may be removed at any time, upon thirty (30) days' notice, by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and to the Issuer and signed by the registered owners of a majority in principal amount of Refunded Bonds then outstanding. The Escrow Agent may also be removed by the Issuer for any reason determined by the Issuer to be sufficient cause for such removal. Any removal pursuant to this paragraph shall become effective upon the occurrence of the following events: (a) the appointment of a successor Escrow Agent (which may be a temporary successor Escrow Agent), (b) the acceptance by such successor Escrow Agent of the terms, covenants and conditions of this Escrow Agreement, (c) the transfer of the Escrow Fund, including the moneys and Escrowed Securities held therein, to such successor Escrow Agent, and (d) the completion of any other actions required for the principal of, and interest on, the Escrowed Securities to be made payable to such successor Escrow Agent rather than to the Escrow Agent being removed.

In the event that the Escrow Agent shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer(s), or of a receiver appointed by a court, the Issuer shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow

Agent shall be appointed by the Issuer in the manner above provided, and any such temporary Escrow Agent so appointed by the Issuer shall immediately and without further act be superseded by the successor Escrow Agent so appointed.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by the registered owners of a majority in principal amount of Refunded Bonds then outstanding or by the Issuer pursuant to the foregoing provisions of this Section 11 within sixty (60) days after written notice of resignation of the Escrow Agent has been given to the Issuer, the registered owner of any Refunded Bond or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and thereupon such court may, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a commercial banking association or corporation or trust company located in the State of Missouri organized and in good standing and doing business under the laws of the United States of America or of the State of Missouri and subject to supervision or examination by federal or state regulatory authority, and shall have a reported capital (exclusive of borrowed capital) plus surplus of not less than \$100,000,000 or, consideration may be given by the Issuer to a bank not meeting this amount if the bank submits an acceptable form of guarantee for its financial obligations to the Issuer.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Issuer an instrument in writing accepting such appointment hereunder and, thereupon, such successor Escrow Agent, without any further act, deed or conveyance, shall become fully vested with all of the rights, immunities, powers, trusts, duties and obligations of its predecessor, but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the Issuer, execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder, and every predecessor Escrow Agent shall deliver, to its successor, all securities and moneys held by such predecessor Escrow Agent. In the event that any transfer, assignment or instrument in writing from the Issuer be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the Issuer.

Any corporation into which the Escrow Agent, or any successor to it of the duties and responsibilities created by this Escrow Agreement, may be merged or converted, or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Escrow Agent or any successor to it shall be a party, shall, if satisfactory to the Issuer, be the successor Escrow Agent under this Escrow Agreement, without the execution or filing of any paper or any other act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 13. Indemnification. To the extent permitted by law and subject to annual appropriation, the Issuer hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and hold harmless the Escrow Agent and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements, without limitation) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Agent (whether or not also indemnified against the same by the Issuer or any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow

Agreement, the establishment of the Escrow Fund established hereunder, the acceptance of the moneys deposited therein, the purchase of the Escrowed Securities, the retention of the Escrowed Securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement; provided however, that the Issuer shall not be required to indemnify the Escrow Agent against its own negligence or misconduct. In no event shall the Issuer be liable to any person by reason of the transactions contemplated hereby other than to the Escrow Agent as set forth in this Section 13. The indemnities contained in this Section 13 shall survive the termination of this Escrow Agreement.

The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the purchase of the Escrowed Securities, the retention of the Escrowed Securities or the proceeds thereof or any payment, transfer or other application of the moneys or Escrowed Securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement or by reason of any act, omission or error of the Escrow Agent made in good faith in the conduct of its duties; provided, however, that the Escrow Agent shall be liable for its own negligent or willful misconduct. The duties and obligations of the Escrow Agent shall be determined by the express provisions of this Escrow Agreement. The Escrow Agent may consult with counsel who may or may not be counsel to the Issuer, and in reliance upon the opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Escrow Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Issuer.

Section 14. Amendments to Escrow Agreement. This Escrow Agreement is made for the benefit of the Issuer and the registered owners from time to time of the Refunded Bonds and it shall not be amended without the written consent of all such registered owners, the Escrow Agent and the Issuer; provided, however, that the Issuer and the Escrow Agent may, without the consent of, or notice to, such registered owners, enter into such agreements supplemental to this Escrow Agreement as shall not materially adversely affect the rights of such registered owners and as shall not be inconsistent with the terms and provisions of this Escrow Agreement for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Escrow Agreement;
- (b) to grant to, or confer upon, the Escrow Agent for the benefit of the registered owners of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and
- (c) to include under this Escrow Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of the counsel of its choice with respect to compliance with this Section 14, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the registered owners of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section 14.

Section 15. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, addressed as follows:

(a) if to the Issuer, to:

The City of Kansas City, Missouri
414 E. 12th
Kansas City, Missouri 64106
Attention: Director of Finance

(b) if to the Escrow Agent, to:

UMB Bank, N.A.
1010 Grand Blvd.
Kansas City, Missouri 64106
Attention: Corporate Trust Department

Section 16. Termination. This Escrow Agreement shall terminate when all transfers required to be made by the Escrow Agent under the provisions hereof shall have been made.

Section 17. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the Issuer or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained, and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 18. Successors and Assigns. All of the covenants, promises and agreements in this Escrow Agreement contained by or on behalf of the Issuer or by or on behalf of the Escrow Agent shall be binding upon, and inure to the benefit of, their respective successors and assigns, whether or not so expressed.

Section 19. Governing Law. This Escrow Agreement shall be governed by, and be construed in accordance with, the laws of the State of Missouri.

Section 20. Headings. Any headings preceding the text of the several sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference, and shall not constitute a part of this Escrow Agreement, nor shall they affect its meaning, construction or effect.

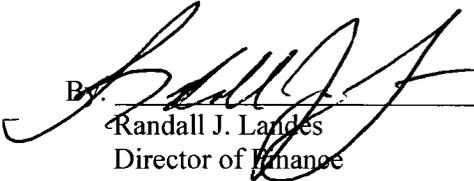
Section 21. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded, for all purposes, as one original, and shall constitute and be but one and the same instrument.

Section 22. Electronic Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed 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.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Trust Agreement to be executed by their duly authorized officers or elected officials, and their corporate seals to be hereunder affixed and attested as of the date first above written.

**THE CITY OF KANSAS CITY,
MISSOURI**

By:  _____
Randall J. Landes
Director of Finance

THIS ESCROW TRUST AGREEMENT is executed as of the date first hereinabove written.

UMB BANK, N.A.

By: 
Name: Lara L Stevens
Title: Vice President

SCHEDULE A-1

SERIES 2005A BONDS BEING REFUNDED

MATURITY DECEMBER 1	PRINCIPAL AMOUNT	INTEREST RATE
2017	\$ 1,535,000	5.000%
2018	2,400,000	5.000%
2019	4,080,000	5.000%
2020	4,500,000	5.000%
2021	2,940,000	5.000%
2021	2,000,000	4.350%
2022	5,410,000	5.250%
2023	5,925,000	5.000%
2024	6,475,000	5.000%
2025	7,040,000	5.000%
2026	7,655,000	4.500%
2027	8,270,000	4.500%
2028 ¹	3,540,000	5.000%
2028 ²	5,380,000	4.500%
2029 ¹	3,820,000	5.000%
2029 ²	5,800,000	4.500%
2030 ¹	4,110,000	5.000%
2030 ²	6,245,000	4.500%
2031 ¹	1,740,000	5.000%
2031 ²	2,680,000	4.500%
2032 ¹	1,790,000	5.000%
2032 ²	2,705,000	4.500%

¹ Sinking fund payment for Term Bond maturing on December 1, 2032 and bearing interest at a rate of 5.00%

² Sinking fund payment for Term Bond maturing on December 1, 2032 and bearing interest at a rate of 4.50%

SCHEDULE A-2

PAYMENT SCHEDULE FOR REFUNDED 2005A BONDS

Period			Principal	
Ending	Principal	Interest	Redeemed	Total
6/1/2017		2,304,425.00		2,304,425.00
12/1/2017	1,535,000.00	2,304,425.00	94,505,000.00	98,344,425.00
	1,535,000.00	4,608,850.00	94,505,000.00	100,648,850.00

SCHEDULE B

ESCROWED SECURITIES

Escrow Descriptions
Special Obligation Refunding Bonds, Series 2017C
Refund IDA KC Live 2005A

Purchase Date	Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate	Total Cost
Mar 23, 2017:								
	SLGS	Certificate	6/1/2017	6/1/2017	2,301,424	0.680%	0.680%	2,301,424.00
	SLGS	Certificate	12/1/2017	12/1/2017	97,721,257	0.920%	0.920%	97,721,257.00
					100,022,681			100,022,681.00

SLGS Summary

SLGS Rates File

08MAR17

Total Certificates of Indebtedness

100,022,681.00

SCHEDULE C

USE OF ESCROWED FUNDS

**Escrow Sufficiency
Special Obligation Refunding Bonds, Series 2017C
Refund IDA KC Live 2005A**

=====

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
3/23/2017		0.57	0.57	0.57
6/1/2017	2,304,425.00	2,304,425.31	0.31	0.88
12/1/2017	98,344,425.00	98,344,424.12	-0.88	
	100,648,850.00	100,648,850.00	0.00	

=====

CLOSING CERTIFICATE OF THE ESCROW AGENT

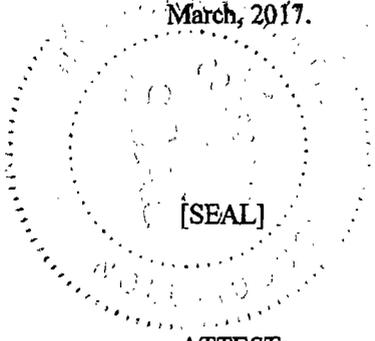
The undersigned, UMB Bank, N.A. (the “Escrow Agent”), as Escrow Agent pursuant to the Escrow Trust Agreement dated as of March 1, 2017, by and between the City and the Escrow Agent (the “Escrow Agreement”) relating to \$96,040,000 The Industrial Development Authority of the City of Kansas City, Missouri Tax-Exempt Revenue Bonds (Kansas City Downtown Development District) Series 2005A (the “Refunded Series 2005A Bonds”), does hereby certify as follows:

(1) Power and Authority. The Escrow Agent is a national banking association duly organized and existing and authorized to accept and execute trusts under the laws of the State of Missouri and has full power and authority to act as Escrow Agent under the Escrow Agreement.

(2) Execution of Documents. The Escrow Agreement has been duly executed on behalf of the Escrow Agent, its corporate seal affixed thereto and attested by the duly authorized officers of the Escrow Agent.

[Remainder of this page intentionally left blank.]

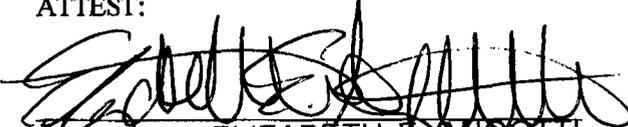
IN WITNESS WHEREOF, UMB Bank, N.A., as Escrow Agent, has caused this certificate to be executed and its corporate seal affixed and attested by its duly authorized officers as of this 23rd day of March, 2017.



UMB BANK, N.A., as Escrow Agent

By 
Name: Jason McConnell
Title: Vice President

ATTEST:


Name: ELIZABETH E. ANGOTTI
Title: Assistant Secretary

NOTICE OF DEFEASANCE AND REDEMPTION
RELATING TO
THE INDUSTRIAL DEVELOPMENT AUTHORITY OF
THE CITY OF KANSAS CITY, MISSOURI
TAX-EXEMPT REVENUE BONDS
(KANSAS CITY DOWNTOWN REDEVELOPMENT DISTRICT)
SERIES 2005A, DATED JUNE 6, 2007

NOTICE IS HEREBY GIVEN by UMB Bank, N.A., as Trustee, Escrow Agent, Paying Agent, and Registrar (the "Escrow Agent"), for The Industrial Development Authority of the City of Kansas City, Missouri Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A, Dated June 6, 2007 (the "Bonds"), that pursuant to an Escrow Trust Agreement dated as of March 1, 2017 (the "Escrow Agreement") between the City of Kansas City, Missouri and the Escrow Agent, provision has been made for the current refunding and payment of \$96,040,000 outstanding principal amount of the Bonds, maturing in the amounts and on the dates as set forth on Exhibit A attached hereto, by the irrevocable deposit in trust with the Escrow Agent, of cash and United States government obligations, which will mature at times and in amounts as will be sufficient, together with accrued interest thereon, to pay interest due on the Bonds on June 1, 2017, to pay maturing principal and interest due on the Bonds on December 1, 2017, and to redeem in full on December 1, 2017 all Bonds maturing in the years 2018 and thereafter, at a redemption price of 100%. Official notice of redemption relating to the Bonds maturing in the years 2018 and thereafter will be provided for prior to December 1, 2017.

Dated: March 24, 2017

Very truly yours,

UMB BANK, N.A.

By:



Lara L. Stevens
Vice President
(816) 860-3017
lara.stevens@umb.com

EXHIBIT A

**The Industrial Development Authority of
The City of Kansas City, Missouri
Tax-Exempt Revenue Bonds
(Kansas City Downtown Redevelopment District)
Series 2005A, Dated June 6, 2007**

MATURITY DECEMBER 1	PRINCIPAL AMOUNT	INTEREST RATE	CUSIP NUMBER
2017	\$ 1,535,000	5.000%	48503SFF1
2018	2,400,000	5.000%	48503SFG9
2019	4,080,000	5.000%	48503SCR8
2020	4,500,000	5.000%	48503SCS6
2021	2,940,000	5.000%	48503SCT4
2021	2,000,000	4.350%	48503SCU1
2022	5,410,000	5.250%	48503SCV9
2023	5,925,000	5.000%	48503SCW7
2024	6,475,000	5.000%	48503SCX5
2025	7,040,000	5.000%	48503SCY3
2026	7,655,000	4.500%	48503SCZ0
2027	8,270,000	4.500%	48503SDA4
2032	15,000,000	5.000%	48503SDB2
2032	22,810,000	4.500%	48503SDC0



Submission ID:ES800684
03/24/2017 17:34:52

CONTINUING DISCLOSURE (SUBMISSION STATUS: PUBLISHED)

EVENT FILING (CUSIP-9 BASED)

Rule 15c2-12 Disclosure

Defeasance Notice of Defeasance and Redemption, dated 03/24/2017

Documents

Event Filing dated 03/24/2017

↳ KCMO Series 2005A Notice of Defeasance and Redemptpion.pdf posted 03/24/2017

The following issuers are associated with this continuing disclosure submission:

CUSIP-6	State	Issuer Name
48503S	MO	KANSAS CITY MO INDL DEV AUTH REV

The following 14 securities have been published with this continuing disclosure submission:

CUSIP-9	Maturity Date
48503SCR8	12/01/2019
48503SCS6	12/01/2020
48503SCT4	12/01/2021
48503SCU1	12/01/2021
48503SCV9	12/01/2022
48503SCW7	12/01/2023
48503SCX5	12/01/2024
48503SCY3	12/01/2025
48503SCZ0	12/01/2026

48503SDA4	12/01/2027
48503SDB2	12/01/2032
48503SDC0	12/01/2032
48503SFF1	12/01/2017
48503SFG9	12/01/2018

Submitter's Contact Information

Company: UMB Bank N.A
Name: LARA STEVENS
Address: 1010 GRAND BOULEVARD
City/State/Zip: KANSAS CITY, MO 64106
Phone Number: 8168603017
Email: lara.stevens@m.com

© 2017 Municipal Securities Rulemaking Board (MSRB)

**NOTICE OF DEFEASANCE AND REDEMPTION
AND IRREVOCABLE INSTRUCTIONS**

To: UMB Bank, N.A.
1010 Grand Blvd.
Kansas City, Missouri 64106
Attention: Corporate Trust Department

Re: \$17,425,000 Principal Amount of Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects), Series 2007A of The Industrial Development Authority of the City of Kansas City, Missouri maturing in the years 2018 through 2022.

The Industrial Development Authority of the City of Kansas City, Missouri (the “Authority”) previously issued its Infrastructure Facilities Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the “Series 2007A Bonds”) in the aggregate principal amount of \$47,705,000 for the purposes described in the hereinafter defined Indenture.

UMB Bank, N.A. serves as trustee (the “Trustee”) for the above-referenced Series 2007A Bonds under a Trust Indenture dated as of March 1, 2007 (the “Indenture”), and also serves as escrow agent (the “Escrow Agent”) under the Escrow Trust Agreement dated as of March 1, 2017 (the “Series 2007A Escrow Trust Agreement”) between the Escrow Agent and the City of Kansas City, Missouri (the “City”). An Escrow Fund has been established in the custody of the Escrow Agent pursuant to the Escrow Agreement.

On the date hereof, the City has issued its Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D (the “Series 2017D Bonds”) for the purpose of providing funds to, among other things, current refund \$17,425,000 Outstanding Series 2007A Bonds maturing in the years 2018 through 2022 (the “Refunded Bonds”). In connection with the refunding of the Refunded Bonds, the Authority and the City irrevocably instruct the Trustee as follows:

- (a) In your capacity as trustee for the Series 2007A Bonds, you are hereby instructed to transfer \$418,825.00 from the 2007A Debt Service Fund held by the Trustee under the Indenture to the Escrow Fund held by the Escrow Agent to be used, together with funds transferred under subparagraph (b), to pay the interest on the Refunded Bonds on April 1, 2017, and the principal of and interest on the Refunded Bonds on April 24, 2017 (the “Redemption Date”).
- (b) On the date hereof, the City has refunded and provided for the defeasance of the Refunded Bonds in accordance with the Indenture by the deposit in trust, on the date hereof, in the Escrow Fund established with the Escrow Agent pursuant to the Series 2007A Escrow Trust Agreement, of moneys in an amount that will be fully sufficient to pay interest on the Refunded Bonds on April 1, 2017 and to pay, redeem and discharge the Refunded Bonds on the Redemption Date, including \$17,478,516.53 in proceeds of the Series 2017D Bonds and the moneys referenced in subparagraph (a) above.
- (c) The Authority and the City direct the Trustee to give notice of the defeasance of the Refunded Bonds in accordance with the requirements of the Indenture.

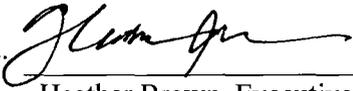
- (d) The Authority and the City direct the Trustee to give timely notice of the redemption of the Refunded Bonds prior to the Redemption Date in accordance with the requirements of the Indenture.
- (e) The Authority and the City further request the Trustee, upon the deposit with the Trustee as Escrow Trustee, in trust, of moneys in the necessary amount to defease and pay all the Refunded Bonds as aforesaid, and notice of defeasance having been given as provided in the Indenture, and compliance with the other requirements of the Indenture for satisfaction and discharge of the Refunded Bonds and the Indenture with respect to the Refunded Bonds, and upon payment in full of the principal of and interest on the Series 2007A Bonds maturing April 1, 2017, to execute and deliver to the Authority and the City the proper instruments acknowledging the satisfaction and discharge of the Series 2007A Bonds and the Indenture with respect to the Series 2007A Bonds, in accordance with the provisions thereof.
- (f) The Authority and the City further instruct the Trustee to transfer all of the moneys in funds and accounts held under the Original Indenture to the corresponding funds and accounts under the Series 2017D Indenture.

The City agrees to pay all costs and expenses incurred in connection with such defeasance and redemption.

These instructions, upon acknowledgment of receipt and acceptance of the terms hereof by the Trustee, shall constitute a binding irrevocable agreement between the Authority, the City and the Trustee.

DATED: March 23, 2017.

**THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE CITY OF KANSAS
CITY, MISSOURI**

By: 
Heather Brown, Executive Director

CITY OF KANSAS CITY, MISSOURI

By: _____
Randall J. Landes, Director of Finance

**ACKNOWLEDGMENT AND
AGREEMENT:**

UMB BANK, N.A., as Trustee

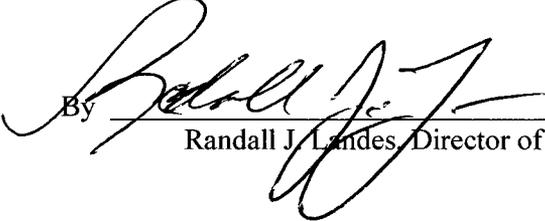
By: _____
Title: Authorized Signatory

DATED: March 23, 2017.

**THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE CITY OF KANSAS
CITY, MISSOURI**

By: _____
Heather Brown, Executive Director

CITY OF KANSAS CITY, MISSOURI

By:  _____
Randall J. Landes, Director of Finance

**ACKNOWLEDGMENT AND
AGREEMENT:**

UMB BANK, N.A., as Trustee

By: _____
Title: Authorized Signatory

DATED: March 23, 2017.

**THE INDUSTRIAL DEVELOPMENT
AUTHORITY OF THE CITY OF KANSAS
CITY, MISSOURI**

By: _____
Heather Brown, Executive Director

CITY OF KANSAS CITY, MISSOURI

By _____
Randall J. Landes, Director of Finance

**ACKNOWLEDGMENT AND
AGREEMENT:**

UMB BANK, N.A., as Trustee

By: 
Title: Authorized Signatory

ESCROW TRUST AGREEMENT
BY AND BETWEEN
THE CITY OF KANSAS CITY, MISSOURI
AND
UMB BANK, N.A.
Dated as of March 1, 2017

Relating to

\$17,425,000
Outstanding Principal Amount of
Infrastructure Facilities Refunding Revenue Bonds
(Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects)
Series 2007A
of
The Industrial Development Authority
of the City of Kansas City, Missouri

ESCROW TRUST AGREEMENT

THIS ESCROW TRUST AGREEMENT dated as of March 1, 2017 (the “**Escrow Agreement**”), by and between the **CITY OF KANSAS CITY, MISSOURI**, a constitutional charter city and political subdivision of the State of Missouri (the “**Issuer**”), and **UMB BANK, N.A.**, a national banking organization duly organized and existing under the laws of the United States of America, and authorized to accept and execute trusts of the character herein set out under the laws of the State of Missouri, with a corporate trust office located in the City of Kansas City, Missouri, as Escrow Agent (the “**Escrow Agent**”).

WITNESSETH:

WHEREAS, pursuant to a Trust Indenture dated as of March 1, 2007 (the “**Indenture**”), The Industrial Development Authority of the City of Kansas City, Missouri (the “**Authority**”) issued its \$47,705,000 Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the “**Series 2007A Bonds**”), for the purposes described in the Indenture; and

WHEREAS, the Issuer has determined to issue its Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D for the purpose of providing funds to, among other things, refund the currently Outstanding Series 2007A Bonds maturing in the years 2018 through 2022, as more fully described on *Schedule A-1* attached hereto (the “**Refunded Bonds**”); and

WHEREAS, in order to duly provide for the payment of the Refunded Bonds, the proper and timely deposit and application of such funds or securities as are required for payment of the Refunded Bonds on the payment date therefor and to furnish irrevocable instructions therefor or the Redemption Date, it is necessary to enter into this Escrow Agreement and to enter into certain covenants for the benefit of the owners from time to time of the Refunded Bonds;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

Section 1. Definitions. The words and terms used in this Escrow Agreement shall have the following meanings, unless the context or use indicates another or different meaning:

“Escrow Agent” means UMB Bank, N.A., a national banking organization duly organized and existing under the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth with a corporate trust office located in the City of Kansas City, Missouri.

“Escrow Fund” means the Escrow Fund established by Section 3 hereof.

“Escrow Agreement” means this Escrow Trust Agreement dated as of the date first hereinabove written, by and between the Issuer and the Escrow Agent.

“Escrowed Securities” means the U. S. Obligations set forth on *Schedule B* attached hereto and any Substitute Escrowed Securities.

“Issuer” means the City of Kansas City, Missouri, a constitutional charter city and political subdivision duly organized and existing under the laws of the State of Missouri.

“Payment Dates” means, with respect to the Refunded Bonds, April 1, 2017, the date upon which principal and interest are due on the Refunded Bonds and the Redemption Date, as shown on *Schedule A-2* attached hereto.

“Redemption Date” means April 24, 2017.

“Refunded Bonds” means \$17,425,000 Outstanding Principal Amount of the Authority’s Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects), Series 2007A, issued under the Indenture, maturing in the years 2018 through 2022, as shown on *Schedule A-1* attached hereto.

“Trustee” means UMB Bank, N.A., as Trustee for the Refunded Bonds under the Indenture.

“Substitute Escrowed Securities” means U.S. Obligations which have been acquired by the Escrow Agent and substituted for Escrowed Securities in accordance with Section 8 of this Escrow Agreement.

“U.S. Obligations” means securities which are direct obligations of, or obligations unconditionally guaranteed as to timely payment of principal and interest by, the United States of America and backed by the full faith and credit thereof.

Words importing the singular number shall include the plural number and vice versa unless the context otherwise indicates.

Section 2. Receipt of Indenture. The Escrow Agent hereby acknowledges receipt of a true and correct copy of the Indenture. Reference herein to, or citation herein of, any provision of the Indenture shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if it were fully set forth herein.

Section 3. Creation of the Escrow Fund. There is hereby created and established with the Escrow Agent a special and irrevocable trust fund designated the “Escrow Fund” to be held in the custody of the Escrow Agent.

Section 4. Deposits into the Escrow Fund.

(a) Concurrently with the execution of this Escrow Agreement, there is hereby deposited with the Escrow Agent, and the Escrow Agent hereby acknowledges the receipt of, immediately available federal funds in the amount of \$17,897,341.53, consisting of \$17,478,516.53 of proceeds of the City’s Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D and \$418,825.00 transferred from the Debt Service Fund for the Series 2007A Bonds, which amount shall be deposited in the Escrow Fund. The amount deposited in the Escrow Fund shall be applied as follows:

- (i) \$17,478,516.00 shall be used to purchase the Escrowed Securities described in *Schedule B* hereto, which shall be delivered to and deposited in the Escrow Fund.
- (ii) \$418,825.53 shall be held uninvested in the Escrow Fund as a beginning balance.

(b) Except as set forth in this Section 4, the Escrow Agent shall not invest any money on deposit in the Escrow Fund.

Section 5. Verification of Certified Public Accountants. Robert Thomas CPA, LLC certified public accountant, in the Verification Report has verified the mathematical accuracy of the computations, described in *Schedule C* attached hereto, that demonstrate that the cash held in the Escrow Fund, together with the maturing principal of the Escrowed Securities held therein and interest to accrue thereon, without consideration of any reinvestment thereof, will be sufficient to pay all principal of and interest on the Refunded Bonds on scheduled maturity dates or the Redemption Date.

Section 6. Creation of Lien. The trust created hereby shall be irrevocable. The registered owners of the Refunded Bonds are hereby given an express lien on, and security interest in, the Escrowed Securities and the cash in the Escrow Fund and all earnings thereon and proceeds thereof until used and applied in accordance with this Escrow Agreement. The maturing principal of, and earnings on, the Escrowed Securities and any cash in the Escrow Fund are hereby pledged and assigned, and shall be applied solely for the payment of the principal of and interest on the Refunded Bonds; provided that following such payment, any remaining funds shall be paid to the Issuer.

Section 7. Application of Moneys in Escrow Fund. The Escrow Agent shall withdraw from the Escrow Fund the cash and moneys derived from the maturing principal of and interest on the Escrowed Securities in the Escrow Fund and shall forward to the paying agent of the Refunded Bonds the amount required for the payment of the principal of and interest due or to become due on the Refunded Bonds on the Payment Dates set forth on *Schedule A-2* attached hereto. Following the payment in full of the Refunded Bonds on the final Payment Date, any moneys remaining in the Escrow Fund will be paid to the Issuer.

Section 8. Substitute Securities. At the written request of the Issuer, and upon compliance with the conditions hereinafter stated, and provided that such substitution is approved in writing by Co-Bond Counsel, meaning the firms of Kutak Rock LLP and the Hardwick Law Firm, LLC, or other nationally recognized attorneys on the subject of tax-exempt bonds, the Escrow Agent shall have the power to request the redemption of, sell, transfer or otherwise dispose of any Escrowed Securities in the Escrow Fund and to substitute other U.S. Obligations therefor, which are not subject to redemption prior to maturity except at the option of the holder thereof and which are available for purchase with the proceeds derived from such disposition on the date of such transaction. The Escrow Agent shall purchase such substitute U.S. Obligations with the proceeds derived from the sale, transfer, disposition or redemption of the Escrowed Securities in the Escrow Fund. The transactions may be effected only by simultaneous sale and purchase transactions, and only if (a) the amounts and dates on which the anticipated transfers from the Escrow Fund to the Refunded Bonds Trustee for the payment of the principal of and interest on the Refunded Bonds will not be diminished or postponed thereby, and (b) concurrently with such substitution, the Escrow Agent shall receive from an independent certified public accountant a certification that, after such transaction, the principal of, premium and interest on all of the Escrowed Securities in the Escrow Fund will, together with other moneys available for such purpose, be sufficient at all times to pay the principal of and interest on the Refunded Bonds when due and the present value of such amount is at least equal to the present value of the principal of and interest on all of the Escrowed Securities in the Escrow Fund, together with other money available for such purpose immediately prior to such transaction.

Section 9. Notice of Redemption.

(a) The Issuer hereby irrevocably instructs UMB Bank, N.A., as Trustee for the above-referenced Refunded Bonds issued under the Indenture and as Escrow Agent under this Escrow

Agreement, to give timely notice of the redemption of the portion of the Refunded Bonds being redeemed on the Redemption Date prior to the Redemption Date in accordance with the requirements of the Indenture.

(b) The Issuer further requests the Trustee, upon the deposit with the Escrow Agent, in trust, of moneys in the necessary amount to defease and pay all the Refunded Bonds as aforesaid, and notice of defeasance having been given as provided in the Indenture, and compliance with the other requirements of the Indenture for satisfaction and discharge of the Refunded Bonds and the Indenture with respect to the Refunded Bonds, to execute and deliver to the Issuer the proper instruments acknowledging the satisfaction and discharge of the Refunded Bonds and the Indenture with respect to the Refunded Bonds, in accordance with the provisions thereof.

Section 10. Liability of Escrow Agent.

(a) The Escrow Agent shall not be liable for any loss resulting from any investment, sale, transfer or other disposition made pursuant to this Escrow Agreement in compliance with the provisions hereof. The Escrow Agent shall have no lien whatsoever on, or right of set-off with respect to, any of the moneys or Escrowed Securities on deposit in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Agent under this Escrow Agreement or otherwise.

(b) The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the Escrowed Securities and moneys to pay the Refunded Bonds. So long as the Escrow Agent applies the Escrowed Securities and moneys as provided herein, the Escrow Agent shall not be liable for any deficiencies in the amounts necessary to pay the principal of and interest on the Refunded Bonds caused by such calculations. Notwithstanding the foregoing, the Escrow Agent shall not be relieved of liability arising from, and proximate to, its failure to comply fully with the terms of this Escrow Agreement.

(c) In the event of the Escrow Agent's failure to account for any of the Escrowed Securities or moneys received by it, said Escrowed Securities or moneys shall be and remain the property of the Issuer in trust for the owners of the Refunded Bonds and if, for any reason, such Escrowed Securities or moneys are not applied as herein provided, the assets of the Escrow Agent shall be impressed with a trust for the amount thereof until the required application shall be made.

(d) The Escrow Agent undertakes to perform such duties and only such duties as are specifically set forth in this Escrow Agreement.

(e) The Escrow Agent may rely and shall be protected in acting upon or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, verification, order, bond, debenture, or other paper or document believed by the Escrow Agent to be genuine and to have been signed or presented by the proper party or parties.

(f) The Escrow Agent shall not be liable for any error of judgment made in good faith by an authorized officer, employee or agent of the Escrow Agent, unless the Escrow Agent was negligent in ascertaining the pertinent facts.

(g) Whether or not expressly so provided, every provision of this Escrow Agreement relating to the conduct or affecting the liability of or affording protection to the Escrow Agent shall be subject to the provisions of this Section.

(h) The Escrow Agent shall have the right, but not the obligation, to consult with counsel of choice and shall not be liable for action taken or omitted to be taken by Escrow Agent either in accordance with the advice of such counsel or in accordance with any opinion of counsel to the Issuer addressed and delivered to the Escrow Agent.

(i) The Escrow Agent shall have the right to perform any of its duties hereunder through agents, attorneys, custodians or nominees.

Section 11. Fees and Costs of the Escrow Agent. The aggregate amount of the costs, fees and expenses of the Escrow Agent in carrying out any of the duties, terms or provisions of this Escrow Agreement shall be \$500.

Notwithstanding the preceding paragraph, the Escrow Agent, acting as Trustee, also shall be entitled to reimbursement or advancement from the Issuer for out-of-pocket, legal or other reasonable expenses incurred in carrying out the duties, terms or provisions of this Escrow Agreement, including, but not necessarily limited to, publication costs associated with redemptions requiring notice, and such costs, fees and expenses as would be associated with a substitution of securities as provided in Section 8 hereof. Claims for such reimbursement shall be made to the Issuer and in no event shall such reimbursement be made from funds held by the Escrow Agent pursuant to this Escrow Agreement.

Section 12. Resignation or Removal of Escrow Agent; Successor Escrow Agent. The Escrow Agent at the time acting hereunder may at any time resign and be discharged from its duties hereunder by giving written notice to the Issuer and to the Trustee not less than sixty (60) days prior to the date when the Escrow Agent proposes that the resignation will take effect. Such resignation shall take effect only upon the occurrence of the following events: (a) the appointment by the Issuer of a successor Escrow Agent (which may be a temporary Escrow Agent), (b) the acceptance by such successor Escrow Agent of the terms, covenants and conditions of this Escrow Agreement, (c) the transfer of the Escrow Fund, including the moneys and Escrowed Securities held therein, to such successor Escrow Agent, (d) the refund to the Issuer of a pro rata portion of the fees paid to the Escrow Agent pursuant to Section 10 hereof, and (e) the completion of any other actions required for the principal of, and interest on, the Escrowed Securities to be made payable to such successor Escrow Agent rather than to the resigning Escrow Agent. If such events have not occurred by the date that the Escrow Agent proposes that the resignation shall take effect, then the resignation shall not take effect on such proposed date, but shall take effect on the date when all of such events have occurred.

The Escrow Agent may be removed at any time, upon thirty (30) days' notice, by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and to the Issuer and signed by the registered owners of a majority in principal amount of Refunded Bonds then outstanding. The Escrow Agent may also be removed by the Issuer for any reason determined by the Issuer to be sufficient cause for such removal. Any removal pursuant to this paragraph shall become effective upon the occurrence of the following events: (a) the appointment of a successor Escrow Agent (which may be a temporary successor Escrow Agent), (b) the acceptance by such successor Escrow Agent of the terms, covenants and conditions of this Escrow Agreement, (c) the transfer of the Escrow Fund, including the moneys and Escrowed Securities held therein, to such successor Escrow Agent, and (d) the completion of any other actions required for the principal of, and interest on, the Escrowed Securities to be made payable to such successor Escrow Agent rather than to the Escrow Agent being removed.

In the event that the Escrow Agent shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer(s), or of a receiver appointed by a court, the Issuer shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow

Agent shall be appointed by the Issuer in the manner above provided, and any such temporary Escrow Agent so appointed by the Issuer shall immediately and without further act be superseded by the successor Escrow Agent so appointed.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by the registered owners of a majority in principal amount of Refunded Bonds then outstanding or by the Issuer pursuant to the foregoing provisions of this Section 11 within sixty (60) days after written notice of resignation of the Escrow Agent has been given to the Issuer, the registered owner of any Refunded Bond or any retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and thereupon such court may, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a commercial banking association or corporation or trust company located in the State of Missouri organized and in good standing and doing business under the laws of the United States of America or of the State of Missouri and subject to supervision or examination by federal or state regulatory authority, and shall have a reported capital (exclusive of borrowed capital) plus surplus of not less than \$100,000,000 or, consideration may be given by the Issuer to a bank not meeting this amount if the bank submits an acceptable form of guarantee for its financial obligations to the Issuer.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Issuer an instrument in writing accepting such appointment hereunder and, thereupon, such successor Escrow Agent, without any further act, deed or conveyance, shall become fully vested with all of the rights, immunities, powers, trusts, duties and obligations of its predecessor, but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the Issuer, execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder, and every predecessor Escrow Agent shall deliver, to its successor, all securities and moneys held by such predecessor Escrow Agent. In the event that any transfer, assignment or instrument in writing from the Issuer be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instrument in writing shall, on request, be executed, acknowledged and delivered by the Issuer.

Any corporation into which the Escrow Agent, or any successor to it of the duties and responsibilities created by this Escrow Agreement, may be merged or converted, or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Escrow Agent or any successor to it shall be a party, shall, if satisfactory to the Issuer, be the successor Escrow Agent under this Escrow Agreement, without the execution or filing of any paper or any other act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 13. Indemnification. To the extent permitted by law and subject to annual appropriation, the Issuer hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and hold harmless the Escrow Agent and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements, without limitation) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Agent (whether or not also indemnified against the same by the Issuer or any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow

Agreement, the establishment of the Escrow Fund established hereunder, the acceptance of the moneys deposited therein, the purchase of the Escrowed Securities, the retention of the Escrowed Securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement; provided however, that the Issuer shall not be required to indemnify the Escrow Agent against its own negligence or misconduct. In no event shall the Issuer be liable to any person by reason of the transactions contemplated hereby other than to the Escrow Agent as set forth in this Section 13. The indemnities contained in this Section 13 shall survive the termination of this Escrow Agreement.

The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the purchase of the Escrowed Securities, the retention of the Escrowed Securities or the proceeds thereof or any payment, transfer or other application of the moneys or Escrowed Securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement or by reason of any act, omission or error of the Escrow Agent made in good faith in the conduct of its duties; provided, however, that the Escrow Agent shall be liable for its own negligent or willful misconduct. The duties and obligations of the Escrow Agent shall be determined by the express provisions of this Escrow Agreement. The Escrow Agent may consult with counsel who may or may not be counsel to the Issuer, and in reliance upon the opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Escrow Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Issuer.

Section 14. Amendments to Escrow Agreement. This Escrow Agreement is made for the benefit of the Issuer and the registered owners from time to time of the Refunded Bonds and it shall not be amended without the written consent of all such registered owners, the Escrow Agent and the Issuer; provided, however, that the Issuer and the Escrow Agent may, without the consent of, or notice to, such registered owners, enter into such agreements supplemental to this Escrow Agreement as shall not materially adversely affect the rights of such registered owners and as shall not be inconsistent with the terms and provisions of this Escrow Agreement for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Escrow Agreement;
- (b) to grant to, or confer upon, the Escrow Agent for the benefit of the registered owners of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and
- (c) to include under this Escrow Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of the counsel of its choice with respect to compliance with this Section 14, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the registered owners of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section 14.

Section 15. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, addressed as follows:

(a) if to the Issuer, to:

The City of Kansas City, Missouri
414 E. 12th
Kansas City, Missouri 64106
Attention: Director of Finance

(b) if to the Escrow Agent, to:

UMB Bank, N.A.
1010 Grand Blvd.
Kansas City, Missouri 64106
Attention: Corporate Trust Department

Section 16. Termination. This Escrow Agreement shall terminate when all transfers required to be made by the Escrow Agent under the provisions hereof shall have been made.

Section 17. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the Issuer or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained, and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 18. Successors and Assigns. All of the covenants, promises and agreements in this Escrow Agreement contained by or on behalf of the Issuer or by or on behalf of the Escrow Agent shall be binding upon, and inure to the benefit of, their respective successors and assigns, whether or not so expressed.

Section 19. Governing Law. This Escrow Agreement shall be governed by, and be construed in accordance with, the laws of the State of Missouri.

Section 20. Headings. Any headings preceding the text of the several sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference, and shall not constitute a part of this Escrow Agreement, nor shall they affect its meaning, construction or effect.

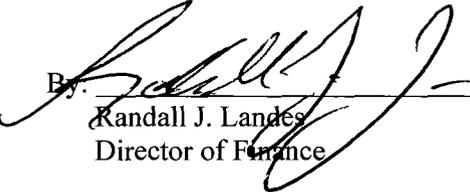
Section 21. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded, for all purposes, as one original, and shall constitute and be but one and the same instrument.

Section 22. Electronic Storage. The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed 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.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Trust Agreement to be executed by their duly authorized officers or elected officials, and their corporate seals to be hereunder affixed and attested as of the date first above written.

**THE CITY OF KANSAS CITY,
MISSOURI**

By:  _____
Randall J. Landes
Director of Finance

THIS ESCROW TRUST AGREEMENT is executed as of the date first hereinabove written.

UMB BANK, N.A.

By: 
Name: Lara L Stevens
Title: Vice President

SCHEDULE A-1

SERIES 2007A BONDS BEING REFUNDED

MATURITY APRIL 1	PRINCIPAL AMOUNT	INTEREST RATE
2018	\$ 3,395,000	5.000%
2019	3,615,000	5.000%
2020	3,860,000	5.000%
2021	3,195,000	5.000%
2022	3,360,000	4.000%

SCHEDULE A-2

PAYMENT SCHEDULE FOR REFUNDED 2007A BONDS

Period Ending	Interest	Principal Redeemed	Total
4/1/2017	418,825.00		418,825.00
4/24/2017	53,516.53	17,425,000.00	17,478,516.53
	472,341.53	17,425,000.00	17,897,341.53

SCHEDULE B

ESCROWED SECURITIES

**Escrow Descriptions
Special Obligation Refunding Bonds, Series 2017D
Refund IDA 2007A (Midtown Redevelopment Project)**

Purchase Date	Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate	Total Cost
Mar 23, 2017:								
	SLGS	Certificate	4/24/2017	4/24/2017	17,478,516	0.560%	0.560%	17,478,516.00
					17,478,516			17,478,516.00

SLGS Summary

SLGS Rates File

08MAR17

Total Certificates of Indebtedness

17,478,516.00

SCHEDULE C

USE OF ESCROWED FUNDS

**Escrow Sufficiency
Special Obligation Refunding Bonds, Series 2017D
Refund IDA 2007A (Midtown Redevelopment Project)**

=====					
Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Debt Service	Excess Balance
3/23/2017		418,825.53	418,825.53	0.53	418,825.00
4/1/2017	418,825.00		-418,825.00		
4/24/2017	17,478,516.53	17,487,097.23	8,580.70	8,580.70	
	17,897,341.53	17,905,922.76	8,581.23	8,581.23	

CLOSING CERTIFICATE OF THE ESCROW AGENT

The undersigned, UMB Bank, N.A. (the “Escrow Agent”), as Escrow Agent pursuant to the Escrow Trust Agreement dated as of March 1, 2017, by and between the City and the Escrow Agent (the “Escrow Agreement”), relating to \$17,425,000 The Industrial Development Authority of the City of Kansas City, Missouri Infrastructure Facilities Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Project) Series 2007A maturing in the years 2018 through 2022 (the “Refunded Series 2007A Bonds”) does hereby certify as follows:

(1) Power and Authority. The Escrow Agent is a national banking association duly organized and existing and authorized to accept and execute trusts under the laws of the State of Missouri and has full power and authority to act as Escrow Agent under the Escrow Agreement.

(3) Execution of Documents. The Escrow Agreement has been duly executed on behalf of the Escrow Agent, its corporate seal affixed thereto and attested by the duly authorized officers of the Escrow Agent.

[Remainder of this page intentionally left blank.]

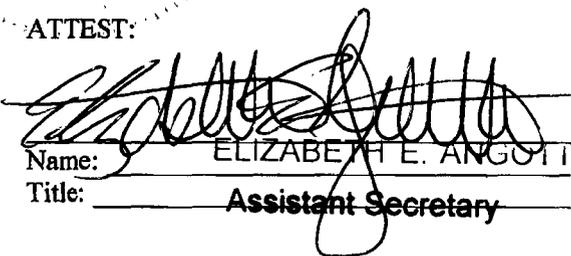
IN WITNESS WHEREOF, UMB Bank, N.A., as Escrow Agent, has caused this certificate to be executed and its corporate seal affixed and attested by its duly authorized officers as of this 23rd day of March, 2017.

UMB BANK, N.A., as Escrow Agent

[SEAL]

By 
Name: Jason McConnell
Title: Vice President

ATTEST:


Name: ELIZABETH E. ANGOTTI
Title: Assistant Secretary

NOTICE OF DEFEASANCE AND REDEMPTION
RELATING TO
THE INDUSTRIAL DEVELOPMENT AUTHORITY OF
THE CITY OF KANSAS CITY, MISSOURI
TAX-EXEMPT REVENUE BONDS
(KANSAS CITY DOWNTOWN REDEVELOPMENT DISTRICT)
SERIES 2005A, DATED JUNE 6, 2007

NOTICE IS HEREBY GIVEN by UMB Bank, N.A., as Trustee, Escrow Agent, Paying Agent, and Registrar (the "Escrow Agent"), for The Industrial Development Authority of the City of Kansas City, Missouri Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A, Dated June 6, 2007 (the "Bonds"), that pursuant to an Escrow Trust Agreement dated as of March 1, 2017 (the "Escrow Agreement") between the City of Kansas City, Missouri and the Escrow Agent, provision has been made for the current refunding and payment of \$96,040,000 outstanding principal amount of the Bonds, maturing in the amounts and on the dates as set forth on Exhibit A attached hereto, by the irrevocable deposit in trust with the Escrow Agent, of cash and United States government obligations, which will mature at times and in amounts as will be sufficient, together with accrued interest thereon, to pay interest due on the Bonds on June 1, 2017, to pay maturing principal and interest due on the Bonds on December 1, 2017, and to redeem in full on December 1, 2017 all Bonds maturing in the years 2018 and thereafter, at a redemption price of 100%. Official notice of redemption relating to the Bonds maturing in the years 2018 and thereafter will be provided for prior to December 1, 2017.

Dated: March 24, 2017

Very truly yours,

UMB BANK, N.A.

By:



Lara L. Stevens
Vice President
(816) 860-3017
lara.stevens@umb.com

EXHIBIT A

**The Industrial Development Authority of
The City of Kansas City, Missouri
Tax-Exempt Revenue Bonds
(Kansas City Downtown Redevelopment District)
Series 2005A, Dated June 6, 2007**

MATURITY DECEMBER 1	PRINCIPAL AMOUNT	INTEREST RATE	CUSIP NUMBER
2017	\$ 1,535,000	5.000%	48503SFF1
2018	2,400,000	5.000%	48503SFG9
2019	4,080,000	5.000%	48503SCR8
2020	4,500,000	5.000%	48503SCS6
2021	2,940,000	5.000%	48503SCT4
2021	2,000,000	4.350%	48503SCU1
2022	5,410,000	5.250%	48503SCV9
2023	5,925,000	5.000%	48503SCW7
2024	6,475,000	5.000%	48503SCX5
2025	7,040,000	5.000%	48503SCY3
2026	7,655,000	4.500%	48503SCZ0
2027	8,270,000	4.500%	48503SDA4
2032	15,000,000	5.000%	48503SDB2
2032	22,810,000	4.500%	48503SDC0



Submission ID:ES800684
03/24/2017 17:34:52

CONTINUING DISCLOSURE (SUBMISSION STATUS: PUBLISHED)

EVENT FILING (CUSIP-9 BASED)

Rule 15c2-12 Disclosure

Defeasance: Notice of Defeasance and Redemption, dated 03/24/2017

Documents

[-] Event Filing dated 03/24/2017

[-] KCMO Series 2005A Notice of Defeasance and Redemptpion.pdf posted 03/24/2017

The following issuers are associated with this continuing disclosure submission:

CUSIP-6	State	Issuer Name
48503S	MO	KANSAS CITY MO INDL DEV AUTH REV

The following 14 securities have been published with this continuing disclosure submission:

CUSIP-9	Maturity Date
48503SCR8	12/01/2019
48503SCS6	12/01/2020
48503SCT4	12/01/2021
48503SCU1	12/01/2021
48503SCV9	12/01/2022
48503SCW7	12/01/2023
48503SCX5	12/01/2024
48503SCY3	12/01/2025
48503SCZ0	12/01/2026

48503SDA4	12/01/2027
48503SDB2	12/01/2032
48503SDC0	12/01/2032
48503SFF1	12/01/2017
48503SFG9	12/01/2018

Submitter's Contact Information

Company: UMB Bank, N.A
Name: LARA STEVENS
Address: 1010 GRAND BOULEVARD
City/State/Zip: KANSAS CITY, MO 64106
Phone Number: 8168603017
Email: lara.stevens@umb.com

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NOTICE OF TOTAL REDEMPTION

**The Industrial Development Authority of
The City of Kansas City, Missouri
Infrastructure Facilities Refunding Revenue Bonds
(Kansas City, Missouri – Uptown Theater and Midtown
Redevelopment Projects) Series 2007A
Dated March 8, 2007**

Notice is hereby given by UMB Bank, N.A., as Trustee, Paying Agent and Registrar, that all of the outstanding principal amount of The Industrial Development Authority of The City of Kansas City, Missouri Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A, Dated March 8, 2007 (the “Bonds”), maturing in the years 2018 and thereafter, in the aggregate principal amount of **\$17,425,000**, are subject to optional redemption and shall be redeemed in full on **April 24, 2017** (the “Redemption Date”) at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon to, but not including, the Redemption Date. Interest on the Bonds hereby called for redemption shall cease to accrue from and after the Redemption Date.

Certificate		Principal to be		
Number	Maturity Date	Redeemed	Interest Rate	CUSIP Number
BOOKENTRY	April 1, 2018	\$3,395,000	5.00%	48503SBZ1
BOOKENTRY	April 1, 2019	\$3,615,000	5.00%	48503SCA5
BOOKENTRY	April 1, 2020	\$3,860,000	5.00%	48503SCB3
BOOKENTRY	April 1, 2021	\$3,195,000	5.00%	48503SCC1
BOOKENTRY	April 1, 2022	\$3,360,000	4.00%	48503SCD9

All Bonds designated for redemption shall be payable on and after the Redemption Date upon presentation and surrender thereof, at the principal office of UMB Bank, N.A., at the following location:

By Mail, Hand or Express Delivery

UMB Bank, N.A.
Corporate Trust 1010601
928 Grand Boulevard
Kansas City, MO 64106-2040

Inquiries or requests for additional information should be directed to the principal office of UMB Bank, N.A. or by telephone to (816) 860-3020.

Dated: March 24, 2017

By: UMB Bank, N.A., as Trustee and Paying Agent

Under the provisions of the Economic Growth and Tax Relief Act Reconciliation Act of 2001 (the “Act”), Paying Agents may be obligated to withhold that percentage of the redemption price designated in the Act for this current year from any Bondholder who has failed to furnish that Paying Agent with a valid taxpayer identification number or a certification that such Bondholder is not subject to backup withholding under the Act. Bondholders who wish to avoid the application of these provisions should submit a completed IRS Form W-9 when presenting their Bonds.

The CUSIP number indicated above is included solely for the convenience of the holders of the bonds. Neither the Issuer nor the Trustee is responsible for the use or selection of the CUSIP numbers, nor is any representation made as to the correctness of such CUSIP numbers on the Bonds or as indicated in any notice of redemption.



Submission ID:ES800370
03/24/2017 14:12:59

CONTINUING DISCLOSURE (SUBMISSION STATUS: PUBLISHED)

EVENT FILING (CUSIP-9 BASED)

Rule 15c2-12 Disclosure

Bond Call: Kansas City MO 2007A Notice of Total Redemption, dated 03/24/2017

Documents

[-] Event Filing dated 03/24/2017

[-] KCMO 2007A Notice of Total Redemption.pdf posted 03/24/2017

The following issuers are associated with this continuing disclosure submission:

CUSIP-6	State	Issuer Name
48503S	MO	KANSAS CITY MO INDL DEV AUTH REV

The following 5 securities have been published with this continuing disclosure submission:

CUSIP-9	Maturity Date
48503SBZ1	04/01/2018
48503SCA5	04/01/2019
48503SCB3	04/01/2020
48503SCC1	04/01/2021
48503SCD9	04/01/2022

Submitter's Contact Information

Company: UMB Bank, N.A.
Name: LARA STEVENS
Address: 1010 GRAND BOULEVARD
City/State/Zip: KANSAS CITY, MO 64108
Phone Number: 816 803017
Email: lara.stevens@m.com

2017 Municipal Securities Reform Board (MSRB)



Finance Department

Office of the City Treasurer

1st Floor, City Hall
414 East 12th Street
Kansas City, Missouri 64106

Area Code 816	
City Treasurer	513-1019
Cash Management	513-1029
Investments	513-1023
Property Tax Administration	513-1213
Public Finance	513-1031

Material Event Notice Pursuant to SEC Rule 15c2-12(b)(5)(C)

Issuer/Obligated Person: The Industrial Development Authority of Kansas City, Missouri (the "Issuer")/City of Kansas City, Missouri (the "Obligated Person")

Issue to which this Report relates: \$96,040,000 Outstanding Principal Amount of Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A, with stated maturities of December 1, 2017 through 2032

CUSIP Numbers: 48503S FF1, 48503S FG9, 48503S CR8, 48503S CS6, 48503S CT4, 48503S CU1, 48503S CV9, 48503S CW7, 48503S CX5, 48503S CY3, 48503S CZ0, 48503S DA4, 48503S DB2, 48503S DC0

Events Reported:

The Obligated Person in compliance with its contractual undertaking made in accordance with SEC Rule 15c2-12 has undertaken to report certain events with respect to the above-referenced Series 2005A Bonds.

NOTICE OF REDEMPTION AND DEFEASANCE OF REFUNDED BONDS

Notice is hereby given that the City of Kansas City, Missouri (the "City") has advance refunded and made provision for the payment, discharge and defeasance of all of the \$96,040,000 principal amount of the above-described Series 2005A Bonds maturing on December 1 in the years 2017 through 2032 (the "Refunded Bonds") in accordance with the requirements of the Trust Indenture dated as of March 1, 2005 as amended by the Amended and Restated Indenture dated as of June 1, 2007, and Series 2005A Series Supplement dated June 6, 2007 (as amended and supplemented, the "**Indenture**"), by and between The Industrial Development Authority of the City of Kansas City, Missouri (the "Issuer") and UMB Bank, N.A., of Kansas City, Missouri (the "Trustee"), pursuant to which the Refunded Bonds were issued.

The City has provided for the deposit of money with UMB Bank, N.A., of Kansas City, Missouri (the "Escrow Trustee") to be held in an irrevocable trust fund (the "Escrow Fund") established under an Escrow Trust Agreement dated as of March 1, 2017 (the "Escrow Agreement") between the City and the Escrow Trustee. The money deposited in the Escrow Fund was used to purchase government securities maturing at times and in amounts as will be sufficient, together with accrued interest thereon, to pay the principal of the Refunded Bonds and interest thereon through and including December 1, 2017 (the "Redemption Date").

The Refunded Bonds are further described as follows:

CUSIP Number	Maturity Date	Interest Rate	Principal Amount
48503S FF1	12/1/2017	5.00%	\$1,535,000
48503S FG9	12/1/2018	5.00	2,400,000
48503S CR8	12/1/2019	5.00	4,080,000
48503S CS6	12/1/2020	5.00	4,500,000
48503S CT4	12/1/2021	5.00	2,940,000

48503S CU1	12/1/2021	4.35	2,000,000
48503S CV9	12/1/2022	5.25	5,410,000
48503S CW7	12/1/2023	5.00	5,925,000
48503S CX5	12/1/2024	5.00	6,475,000
48503S CY3	12/1/2025	5.00	7,040,000
48503S CZ0	12/1/2026	4.50	7,655,000
48503S DA4	12/1/2027	4.50	8,270,000
48503S DB2	12/1/2032	5.00	15,000,000
48503S DC0	12/1/2032	4.50	22,810,000

The Refunded Bonds are now payable solely from the maturing principal of the escrowed securities, together with the interest earnings thereon and other money held for such purpose by the Escrow Trustee. Under the Escrow Agreement, the escrowed securities and the money held by the Escrow Trustee are irrevocably pledged to the payment of the principal of and interest distributable with respect to the Refunded Bonds becoming due and payable through and including the Redemption Date, and may be applied only to such payment. The Issuer is no longer an "obligated person" with respect to the Refunded Bonds within the meaning of Rule 15c2-12, as amended from time to time.

All conditions precedent to the satisfaction, discharge and defeasance of the Refunded Bonds contained in the Indenture have been complied with and the Refunded Bonds are deemed to be paid and discharged under the Indenture. The requirements contained in the Indenture and the pledge of revenues thereunder and all other rights granted thereby have ceased and terminated with respect to the Refunded Bonds in accordance with the provisions thereof.

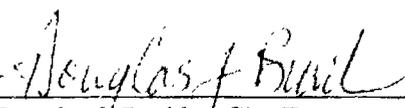
The information contained in this notice has been submitted by the Obligated Person pursuant to contractual undertakings the Obligated Person made in accordance with SEC Rule 15c2-12. Nothing contained in the undertaking or this notice is, or should be construed as, a representation by the Obligated Person that the information included in this notice constitutes all of the information that may be material to a decision to invest in, hold or dispose of any of the securities listed above, or any other securities of the Obligated Person.

For additional information, contact:

Douglas J. Buehler
City Treasurer
City of Kansas City, Missouri
414 E. 12th Street
Kansas City, Missouri 64106
Phone: (816) 513-1024
Fax: (816) 513-1020

Date Submitted: March 24, 2017

CITY OF KANSAS CITY, MISSOURI

By: 

Douglas J. Buehler, City Treasurer

cc: Randall J. Landes, Director of Finance
Lara Stevens, UMB Bank
W. Matthew Deleo, Wells Fargo Brokerage Services, LLC
Barbara Flickinger, National Public Finance Guarantee Corp.
General Counsel, Berkshire Hathaway Assurance Corporation
Steve Halvorsen, U.S. Bank National Association
Remarketing Agent, Bank of America
Eileen Kirchoff, Ambac Indemnity Corporation
Jeffrey D. Warner, PNC Bank, N.A.
Karen Hofstein, Assured Guaranty Corporation
Risk Management, Financial Guaranty Insurance Corporation
Short-Term Desk, Citigroup Global Markets
Brent Riley, Bank of America
Jill M. Forysth, Bank of America
Standby Letter of Credit, JPMorgan Chase Bank National Association
Chip Reilly, Syncora Guarantee, Inc.
Kin Wong, Sumitomo Mitsui Banking Corporation
Director Derivatives Operations, Citigroup, N. A.



for assistance call. 202-838-1330



Continuing Disclosure Preview

Submission Status: Published

You are currently acting on behalf of: City of Kansas City, Missouri

[Back](#) [Publish](#)

PREVIEW

EVENT FILING (CUSIP-9 BASED)

Rule 15c2-12 Disclosure

Defeasance Notice of Redemption and Defeasance of Refunded Bonds Series 2005A, dated 03/24/2017

Total CUSIPs associated with this submission: 14

VIEW DOCUMENTS

[Event Filing dated 03/24/2017](#)

[Notice of Redemption & Defeasance of Refunded Bonds - \(Kansas City Downtown Redevelopment District\) Series 2005A - 03/24/2017.pdf posted 03/24/2017](#)

The following issuers are associated with this continuing disclosure submission:

CUSIP-6 State Issuer Name

48503S MO KANSAS CITY MO INDL DEV AUTH REV

The following securities have been published with this continuing disclosure submission:

Displaying 14 CUSIPs

- 48503SCR8
- 48503SCS6
- 48503SCT4
- 48503SCU1
- 48503SCV9
- 48503SCW7
- 48503SCX5
- 48503SCY3
- 48503SCZ0
- 48503SDA4
- 48503SDB2
- 48503SDC0
- 48503SFF1
- 48503SFG9

SUBMITTER'S CONTACT INFORMATION

Company: City of Kansas City, Missouri

Name: ELISHA BOOKER

Address: 414 E. 12TH STREET 1ST FLOOR, EAST WING

City, State Zip: KANSAS CITY, MO 64106

Phone Number: 816-513-1014

Email: elisha.booker@kcmo.org

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00 00 0361493

1 0 1287-242-S

Elisha Booker

From: Elisha Booker
Sent: Friday, March 24, 2017 11:20 AM
To: Elisha Booker
Subject: FW: Published Submission Confirmation

-----Original Message-----

From: EMMANotifications@msrb.org [mailto:EMMANotifications@msrb.org]
Sent: Friday, March 24, 2017 10:35 AM
To: Elisha Booker
Subject: Published Submission Confirmation

Your Continuing Disclosure Submission has been published.

SubmissionId: ES800087

Disclosure Type: EVENT FILING

Defeasance: Notice of Redemption and Defeasance of Refunded Bonds, Series 2005A dated 03/24/2017

Document Name: Event Filing dated 03/24/2017 dated 03/24/2017
velopment District) Series 2005A - 03.24.2017.pdf posted 03/24/2017 11:27:41 AM

The following issuers are associated with this continuing disclosure submission:

CUSIP6	State	Issuer Name
48503S	MO	KANSAS CITY MO INDL DEV AUTH REV

The following 14 Securities have been published with this continuing disclosure submission:

Security: CUSIP - 48503SCR8, Maturity Date - 12/01/2019
Security: CUSIP - 48503SCS6, Maturity Date - 12/01/2020
Security: CUSIP - 48503SCT4, Maturity Date - 12/01/2021
Security: CUSIP - 48503SCU1, Maturity Date - 12/01/2021
Security: CUSIP - 48503SCV9, Maturity Date - 12/01/2022
Security: CUSIP - 48503SCW7, Maturity Date - 12/01/2023
Security: CUSIP - 48503SCX5, Maturity Date - 12/01/2024
Security: CUSIP - 48503SCY3, Maturity Date - 12/01/2025
Security: CUSIP - 48503SCZ0, Maturity Date - 12/01/2026
Security: CUSIP - 48503SDA4, Maturity Date - 12/01/2027
Security: CUSIP - 48503SDB2, Maturity Date - 12/01/2032
Security: CUSIP - 48503SDCO, Maturity Date - 12/01/2032
Security: CUSIP - 48503SFF1, Maturity Date - 12/01/2017
Security: CUSIP - 48503SFG9, Maturity Date - 12/01/2018

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<https://na01.safelinks.protection.outlook.com/?url=www.msrb.org&data=02%7C01%7Celisha.booker%40kcmo.org%7Cd87cf60b2ed340ef6d1508d472cb5a56%7Cec24091159794419a8ecc808b076019b%7C0%7C0%7C636259665100779116&sdata=eUNWnLNkR4FUM%2FD39whyWuOIFixBtDV%2BoTH%2F7OM8At8%3D&reserved=0>.



Finance Department

Office of the City Treasurer

1st Floor, City Hall
414 East 12th Street
Kansas City, Missouri 64106

Area Code 816	
City Treasurer	513-1019
Cash Management	513-1029
Investments	513-1023
Property Tax Administration	513-1213
Public Finance	513-1031

Material Event Notice Pursuant to SEC Rule 15c2-12(b)(5)(C)

Issuer/Obligated Person: The Industrial Development Authority of Kansas City, Missouri (the "Issuer")/City of Kansas City, Missouri (the "Obligated Person")

Issue to which this Report relates: \$17,425,000 Outstanding Principal Amount of Infrastructure Facilities Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A, with stated maturities of December 1, 2018 through 2022

CUSIP Numbers: 48503S BZ1, 48503S CA5, 48503S CB3, 48503S CC1, 48503S CD9

Events Reported:

The Obligated Person in compliance with its contractual undertaking made in accordance with SEC Rule 15c2-12 to report certain events with respect to the above-referenced Series 2007A Bonds.

NOTICE OF REDEMPTION AND DEFEASANCE OF REFUNDED BONDS

Notice is hereby given that the City of Kansas City, Missouri (the "City") has current refunded and made provision for the payment, discharge and defeasance of all of the \$17,425,000 principal amount of the above-described Series 2007A Bonds maturing on December 1 in the years 2018 through 2022 (the "Refunded Bonds") in accordance with the requirements of the Indenture of Trust dated as of March 1, 2007 (the "Indenture"), by and between The Industrial Development Authority of the City of Kansas City, Missouri (the "Issuer") and UMB Bank, N.A., of Kansas City, Missouri (the "Trustee"), pursuant to which the Refunded Bonds were issued.

The City has provided for the deposit of money with UMB Bank, N.A., of Kansas City, Missouri (the "Escrow Trustee") to be held in an irrevocable trust fund (the "Escrow Fund") established under an Escrow Trust Agreement dated as of March 1, 2017 (the "Escrow Agreement") between the City and the Escrow Trustee. The money deposited in the Escrow Fund was used to purchase government securities maturing at times and in amounts as will be sufficient, together with accrued interest thereon, to pay the principal of the Refunded Bonds and interest thereon through and including April 24, 2017 (the "Redemption Date").

The Refunded Bonds are further described as follows:

CUSIP Number	Maturity Date	Interest Rate	Principal Amount
48503S BZ1	4/1/2018	5.00%	\$3,395,000
48503S CA5	4/1/2019	5.00	3,615,000
48503S CB3	4/1/2020	5.00	3,860,000
48503S CC1	4/1/2021	5.00	3,195,000
48503S CD9	4/1/2022	4.00	3,360,000

The Refunded Bonds are now payable solely from the maturing principal of the escrowed securities, together with the interest earnings thereon and other money held for such purpose by the Escrow Trustee. Under the Escrow Agreement, the escrowed securities and the money held by the Escrow Trustee are irrevocably pledged to the payment of the principal of and interest distributable with respect to the Refunded Bonds becoming due and payable through and including the Redemption Date, and may be applied only to such payment. The Issuer is no longer an "obligated person" with respect to the Refunded Bonds within the meaning of Rule 15c2-12, as amended from time to time.

All conditions precedent to the satisfaction, discharge and defeasance of the Refunded Bonds contained in the Indenture have been complied with and the Refunded Bonds are deemed to be paid and discharged under the Indenture. The requirements contained in the Indenture and the pledge of revenues thereunder and all other rights granted thereby have ceased and terminated with respect to the Refunded Bonds in accordance with the provisions thereof.

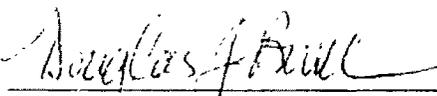
The information contained in this notice has been submitted by the Obligated Person pursuant to contractual undertakings the Obligated Person made in accordance with SEC Rule 15c2-12. Nothing contained in the undertaking or this notice is, or should be construed as, a representation by the Obligated Person that the information included in this notice constitutes all of the information that may be material to a decision to invest in, hold or dispose of any of the securities listed above, or any other securities of the Obligated Person.

For additional information, contact:

Douglas J. Buehler
City Treasurer
City of Kansas City, Missouri
414 E. 12th Street
Kansas City, Missouri 64106
Phone: (816) 513-1024
Fax: (816) 513-1020

Date Submitted: March 24, 2017

CITY OF KANSAS CITY, MISSOURI

By: 

Douglas J. Buehler, City Treasurer

cc: Randall J. Landes, Director of Finance
Lara Stevens, UMB Bank
W. Matthew Deleo, Wells Fargo Brokerage Services, LLC
Barbara Flickinger, National Public Finance Guarantee Corp.
General Counsel, Berkshire Hathaway Assurance Corporation
Steve Halvorsen, U.S. Bank National Association
Remarketing Agent, Bank of America
Eileen Kirchoff, Ambac Indemnity Corporation
Jeffrey D. Warner, PNC Bank, N.A.
Karen Hofstein, Assured Guaranty Corporation
Risk Management, Financial Guaranty Insurance Corporation
Short-Term Desk, Citigroup Global Markets
Brent Riley, Bank of America
Jill M. Forysth, Bank of America
Standby Letter of Credit, JPMorgan Chase Bank National Association
Chip Reilly, Syncora Guarantee, Inc.
Kin Wong, Sumitomo Mitsui Banking Corporation
Director Derivatives Operations, Citigroup, N. A.



for assistance call 202-638-1330



Continuing Disclosure Preview

Submission Status Published

You are currently acting on behalf of: City of Kansas City, Missouri

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PREVIEW

EVENT FILING (CUSIP-9 BASED)

Rule 15c2-12 Disclosure

Defeasance, Notice of Redemption and Defeasance of Refunded Bonds, Series 2007A, dated 03/24/2017

Total CUSIPs associated with this submission: 5

VIEW DOCUMENTS

[Event Filing dated 03/24/2017](#)

Notice of Redemption & Defeasance of Refunded Bonds - (Uptown Theater & Midtown Redevelopment Projects) Series 2007A - 03 24 2017.pdf posted 03/24/2017

The following issuers are associated with this continuing disclosure submission:

CUSIP-6 State Issuer Name

48503S MO KANSAS CITY MO INDL DEV AUTH REV

The following securities have been published with this continuing disclosure submission:

Displaying 5 CUSIPs

48503SBZ1
48503SCA5
48503SCB3
48503SCC1
48503SCD9

SUBMITTER'S CONTACT INFORMATION

Company: City of Kansas City, Missouri

Name: ELISHA BOOKER

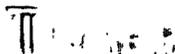
Address: 414 E 12TH STREET 1ST FLOOR, EAST WING

City, State Zip: KANSAS CITY MO 64106

Phone Number: 816-513-1014

Email: elisha.booker@kcmo.org

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00 00 0345304

1 0 1287-241-S

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<https://na01.safelinks.protection.outlook.com/?url=www.msrb.org&data=02%7C01%7Celisha.booker%40kcmo.org%7Cf80f9e4813b84563bc3408d472cb5b84%7Cec24091159794419a8ecc808b076019b%7C0%7C0%7C636259665117537444&sdata=H1IWwmwZKqTNwAOy3ziΓneo2BmCPAmIEQQ0dGESz7e8%3D&reserved=0>.



DEPARTMENT OF THE TREASURY

BUREAU OF THE FISCAL SERVICE

PARKERSBURG, WV 26106-0396

SUBSCRIPTION CONFIRMATION

State and Local Government Series Securities

Treasury Case Number:	201700882
Program Type:	Time Deposit
Issue Amount:	\$100,022,681.00
Issue Date:	03/23/2017
Owner Name:	City of Kansas City
TIN:	44-6000201
Rate Table Date:	03/08/2017
Status:	Complete
Confirmation Date:	03/09/2017
Confirmation Time:	10:49 AM EST



**U.S. Treasury Securities
SLGS Time Deposit
Subscription View**

OMB: No: 1535-0092
Date/Time: 03/09/2017 10:51 AM EST

Page: 1 of 2

Issue Information

Treasury Case Number 201700882
Status Complete
Issue Date 03/23/2017
Issue Amount \$100,022,681.00
Rate Table Date 03/08/2017

Owner

Taxpayer Identification Number 44-6000201
Underlying Bond Issue Special Obligation Refunding Bonds, Series 2017C (2005A)
Owner Name City of Kansas City
Address Line 1 414 E. 12th Street
Line 2 1st Floor
Line 3
City Kansas City
State MO
Zip Code 64106
Contact Name Dan Grandcolas
Telephone 816-513-1014
Fax 816-513-1020
E-mail dan.grandcolas@kcmo.org

Trustee

ABA Routing Number 101000695
Bank Reference Number
Bank Name UMB Bank, N.A.
Address Line 1 1010 Grand Avenue
Line 2 4th Floor
Line 3
City Kansas City
State MO
Zip Code 64106
Contact Name Lara Stevens
Telephone 816-860-3017
Fax
E-mail lara.stevens@umb.com

Funds for Purchase

ABA Routing Number 101000695
Bank Name UMB Bank, N.A.
Contact Name Lara Stevens
Telephone 816-860-3017
Fax
E-mail lara.stevens@umb.com



**U.S. Treasury Securities
SLGS Time Deposit
Subscription View**

OMB: No: 1535-0092
Date/Time: 03/09/2017 10:51 AM EST
Page: 2 of 2

ACH Institutions & Instructions

ABA Routing Number 101000695
Bank Name UMB Bank, N.A.

Address Line 1 1010 Grand Avenue
Line 2 4th Floor
Line 3
City Kansas City
State MO
Zip Code 64106
Contact Name Lara Stevens
Telephone 816-860-3017
Fax
E-mail lara.stevens@umb.com

ABA Routing Number 101000695
Account Name UMB TRUST
CLEARANCE
Account Number 980-101-898-1
Account Type Checking

Subscriber

ABA/TIN 75-1382137
Organization Name Hilltop Securities Inc
Address Line 1 1201 Elm Street
Line 2 Suite 3500
Line 3
City Dallas
State TX
Zip Code 75270
Contact Name Antonio DeLuna
Telephone 214-953-4017
Fax 214-953-4050
E-mail tony.deluna@hilltopsecurities.com

Viewers

ABA/TIN	Organization Name
No Viewers Assigned	

Securities

Security Number	Security Type	Principal Amount	Interest Rate	Maturity Date	First Interest Payment Date	Security Description
1	C of I	\$2,301,424.00	0.680000000	06/01/2017		
2	C of I	\$97,721,257.00	0.920000000	12/01/2017		



DEPARTMENT OF THE TREASURY

BUREAU OF THE FISCAL SERVICE

PARKERSBURG, WV 26106-0396

SUBSCRIPTION CONFIRMATION

State and Local Government Series Securities

Treasury Case Number:	201700883
Program Type:	Time Deposit
Issue Amount:	\$17,478,516.00
Issue Date:	03/23/2017
Owner Name:	City of Kansas City
TIN:	44-6000201
Rate Table Date:	03/08/2017
Status:	Complete
Confirmation Date:	03/09/2017
Confirmation Time:	10:44 AM EST



**U.S. Treasury Securities
SLGS Time Deposit
Subscription View**

OMB: No: 1535-0092
Date/Time: 03/09/2017 10:45 AM EST
Page: 1 of 2

Issue Information

Treasury Case Number 201700883
Status Complete
Issue Date 03/23/2017
Issue Amount \$17,478,516.00
Rate Table Date 03/08/2017

Owner

Taxpayer Identification Number 44-6000201
Underlying Bond Issue Special Obligation Refunding Bonds, Series 2017D (2007A)
Owner Name City of Kansas City
Address Line 1 414 E. 12th Street
Line 2 1st Floor
Line 3
City Kansas City
State MO
Zip Code 64106
Contact Name Dan Grandcolas
Telephone 816-513-1014
Fax 816-513-1020
E-mail dan.grandcolas@kcmo.org

Trustee

ABA Routing Number 101000695
Bank Reference Number
Bank Name UMB Bank, N.A.
Address Line 1 1010 Grand Avenue
Line 2 4th Floor
Line 3
City Kansas City
State MO
Zip Code 64106
Contact Name Lara Stevens
Telephone 816-860-3017
Fax
E-mail lara.stevens@umb.com

Funds for Purchase

ABA Routing Number 101000695
Bank Name UMB Bank, N.A.
Contact Name Lara Stevens
Telephone 816-860-3017
Fax
E-mail lara.stevens@umb.com



**U.S. Treasury Securities
SLGS Time Deposit
Subscription View**

OMB: No: 1535-0092
Date/Time: 03/09/2017 10.45 AM EST
Page: 2 of 2

ACH Institutions & Instructions

ABA Routing Number 101000695
Bank Name UMB Bank, N.A.

Address Line 1 1010 Grand Avenue
Line 2 4th Floor
Line 3
City Kansas City
State MO
Zip Code 64106
Contact Name Lara Stevens
Telephone 816-860-3017
Fax
E-mail lara.stevens@umb.com

ABA Routing Number 101000695
Account Name UMB TRUST
CLEARANCE
Account Number 980-101-898-1
Account Type Checking

Subscriber

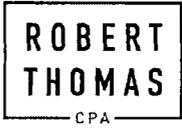
ABA/TIN 75-1382137
Organization Name Hilltop Securities Inc
Address Line 1 1201 Elm Street
Line 2 Suite 3500
Line 3
City Dallas
State TX
Zip Code 75270
Contact Name Antonio DeLuna
Telephone 214-953-4017
Fax 214-953-4050
E-mail tony.deluna@hilltopsecurities.com

Viewers

ABA/TIN	Organization Name
No Viewers Assigned	

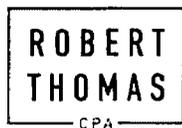
Securities

Security Number	Security Type	Principal Amount	Interest Rate	Maturity Date	First Interest Payment Date	Security Description
1	C of I	\$17,478,516.00	0.560000000	04/24/2017		



THE CITY OF KANSAS CITY, MISSOURI

Verification Report
March 23, 2017



INDEPENDENT ACCOUNTANT'S VERIFICATION REPORT

March 23, 2017

City of Kansas City, Missouri ("Issuer")
Kansas City, Missouri

UMB Bank, N.A. ("Escrow Agent")
Kansas City, Missouri

Kutak Rock LLP ("Co-Bond Counsel")
Kansas City, Missouri

First Southwest, a division of
Hilltop Securities, Inc. ("Financial Advisor")
Dallas, Texas

Hardwick Law Firm, LLC ("Co-Bond Counsel")
Kansas City, Missouri

Commerce Bank, ("2014D Paying Agent")
Kansas City, Missouri

Pursuant to the request of the Financial Advisor, on behalf of the Issuer, we have performed certain procedures, as discussed below, in connection with the Issuer's proposed issuance of **\$19,185,000 Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B** (the "Series 2017B Bonds") and **\$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), Series 2017C** (the "Series 2017C Bonds" and together with the 2017B Bonds, the "Bonds"), dated March 23, 2017.

Proceeds from the Series 2017B Bonds will be used to establish a cash deposit to provide funds to currently refund a portion of the outstanding bonds maturing June 1, 2020 (the "2014D Refunded Bonds"), of the Issuer's **Special Obligation Bond Anticipation Bonds, (Streetcar System Expansion Project) Series 2014D** (the "2014D Bonds"), dated June 4, 2014.

Proceeds from the Series 2017C Bonds will be used to acquire United States Treasury Obligations – State and Local Government Series (the "SLGS" or "Escrowed Securities") and to establish a cash deposit to provide funds to advance refund the serial bonds maturing December 1, 2017 through December 1, 2027, inclusive, and term bonds maturing December 1, 2032 (the "2005A Refunded Bonds") of the Industrial Development Authority of the City of Kansas City, Missouri's **Tax Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A** (the "2005A Bonds"), dated March 30, 2005 and remarketed June 6, 2007.

Collectively, the 2014D Refunded Bonds and the 2005A Refunded Bonds are herein after referred to as the "Refunded Bonds" and collectively, the 2014D Bonds and the 2005A Bonds are hereinafter referred to as the "Prior Bonds").

The procedures were performed solely to verify the mathematical accuracy of certain schedules prepared by the Financial Advisor which indicate that:

- there will be sufficient funds available in an escrow account (the "Escrow Fund") to be established on March 23, 2017 to pay the remaining debt service requirements related to the 2005A Refunded Bonds (the "Escrow Requirements"), assuming the 2005A Refunded Bonds, maturing December 1, 2017, in the aggregate principal amount of \$1,535,000 will be paid as they become due and the remaining 2005A Refunded Bonds, in the aggregate principal amount of \$94,505,000, will be called and redeemed on the first optional redemption date of December 1, 2017 at a price equal to 100.00 percent of the stated principal amount thereof; and
- there will be sufficient funds on deposit with the 2014D Paying Agent to pay the debt service requirements related to the 2014D Refunded Bonds (the "Cash Requirements"), assuming the 2014D Refunded Bonds, in the aggregate principal amount of \$1,504,000 together with accrued interest, will be called and redeemed on the optional redemption date of March 24, 2017 at a price equal to 100.00 percent of the stated principal amount thereof; and
- the yield on the Escrowed Securities is less than the yield on the Bonds.

The procedures we performed are summarized below:

1. We independently calculated the future cash receipts from the Escrowed Securities and compared the future cash receipts to the Financial Advisor's schedules. We found the future cash receipts to be in agreement.
2. We independently calculated the Escrow Requirements and Cash Requirements related to the Refunded Bonds, using information from the Official Statement and Supplemental Indenture for the 2005A Bonds and from the Bond Issuance and Purchase Agreement for the 2014D Bonds (the "Prior Bond Documents"), compared the Escrow Requirements to the Financial Advisor's schedules, and found the Escrow Requirements to be in agreement with the Financial Advisor's schedules. We assume the Prior Bond Documents to be accurate and relied solely on the documents in this paragraph to calculate the Escrow Requirements.
3. Using the results of our independent calculations described in procedures 1 and 2, and using an assumed initial cash deposit of \$0.57 to the Escrow Fund on March 23, 2017, we prepared an Escrow Fund cash flow schedule (attached hereto as Exhibit A). The resulting cash flow schedule indicates that there will be sufficient funds available in the Escrow Fund to pay the Escrow Requirements on a timely basis.
4. We compared the interest rates for the SLGS on the final SLGS Subscription View Form (provided by the Financial Advisor and attached to this report) to the Department of the Treasury Bureau of the Fiscal Service SLGS table for use on March 8, 2017, and found the interest rates on the final SLGS Subscription View Form to be less than or equal to the applicable maximum allowable interest rates for use on March 8, 2017.
5. We compared the terms (i.e., the principal amounts, interest rates, first interest payment dates, issue date and maturity dates) of the SLGS to be acquired on March 23, 2017, as summarized herein, to the final SLGS subscription forms; we found the terms to be in agreement.
6. We compared pertinent terms of the Refunded Bonds (i.e., debt service payment dates, annual maturity amounts, interest rates and optional and mandatory redemption provisions) to the Prior Bond Documents, as summarized on Exhibits C-1 and C-2; we found the terms to be in agreement.
7. We compared the maturity and interest payment dates, principal amounts, interest rates and the redemption provisions as they impact the yield on the Bonds, provided to us by the Financial Advisor, to the terms set forth in the Official Statement for the Bonds; we found the terms to be in agreement.

8. We independently calculated the yield on the Escrowed Securities and the yield on the Bonds assuming a settlement date of March 23, 2017. The term “yield,” as used herein, means that yield which, when used in computing the present value of all payments of principal and interest on an obligation compounded semiannually using a 30/360-day year basis, produces an amount equal to:

- in the case of the Escrowed Securities, the purchase price of such securities; and
- in the case of the Bonds, the issue price to the public, as represented by the Financial Advisor. For yield purposes, we have verified that treating the 2017B Bonds maturing October 1, 2028 through October 1, 2030 as being redeemed and paid on the first optional redemption date of October 1, 2027, at a call price of 100.00, as shown in Exhibit D-3, and treating the 2017C Bonds maturing September 1, 2028 through September 1, 2032 (only maturities bearing interest at a rate of 5.00%) as being redeemed and paid on the first optional redemption date of September 1, 2027 at a call price of 100.00, as shown in Exhibit D-6, produces the lowest yield on those Bonds.

The results of our yield calculations, which are listed below, were compared to the yield calculations provided by the Financial Advisor; we found the yields to be in agreement.

	<u>YIELD</u>	<u>EXHIBIT</u>
• Yield on the Escrowed Securities	0.9233843%	B-1
• Yield on the Bonds	3.1834786%	D-1

Based on performing the agreed-upon procedures, we have found that those schedules provided by the Financial Advisor, when compared to those schedules prepared by us (attached hereto as Exhibits), are arithmetically accurate and reflect, based on the assumptions set forth herein, that:

- there will be sufficient funds available in the Escrow Fund to pay the Escrow Requirements on a timely basis; and
- there will be sufficient funds available to pay the Cash Requirements on a timely basis; and
- the yield on the Escrowed Securities is less than the yield on the Bonds, as described above.

This engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants (the "AICPA"). The sufficiency of these procedures is solely the responsibility of the specified users of the report. We make no representation regarding the sufficiency of the procedures summarized above, either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the achievability of the anticipated Escrow Fund cash sufficiency and yield calculations. Accordingly, in accordance with standards for attestation services established by the AICPA, we cannot express such an opinion. Had we performed an examination or performed additional procedures, other matters might have come to our attention that would have been reported to you.

The results of our independent calculations with respect to the proposed transactions are summarized in the accompanying exhibits. The original computations, along with related characteristics and assumptions contained herein, were provided by the Financial Advisor on behalf of the Issuer. We relied solely on this information and these assumptions and limited our work to performing those procedures set forth above.

This report is issued solely for the information of, and assistance to, the addressees of this report and is not to be quoted or referred to in any document, except for the Official Statement and required closing transaction documents. Additionally, this report should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under the terms of our engagement, we have no obligation to update this report because of events or transactions occurring subsequent to the date of this report.

A handwritten signature in black ink that reads "Robert Thomas CPA, LLC". The signature is written in a cursive, flowing style.

Shawnee Mission, Kansas

EXHIBITS

THE CITY OF KANSAS CITY, MISSOURI

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THE CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION BONDS, SERIES 2017B
SPECIAL OBLIGATION REFUNDING BONDS, SERIES 2017C

ESCROW FUND CASH FLOW

<u>Date</u>	<u>Cash receipts from Escrowed Securities (Exhibit B-1)</u>	<u>Cash disbursements for the 2005A Refunded Bonds (Exhibit C-1)</u>	<u>Cash balance</u>
Initial cash deposit on 3/23/2017			\$ 0.57
6/1/2017	\$ 2,304,425.31	\$ 2,304,425.00	0.88
12/1/2017	98,344,424.12	98,344,425.00	-
	<u>\$ 100,648,849.43</u>	<u>\$ 100,648,850.00</u>	

EXHIBIT B-1
(2017C)

THE CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION BONDS, SERIES 2017B
SPECIAL OBLIGATION REFUNDING BONDS, SERIES 2017C

CASH RECEIPTS FROM AND YIELD
ON THE ESCROWED SECURITIES

<u>Date</u>	<u>Cash receipts from Escrowed Securities (Exhibit B-2)</u>	<u>Present value on 3/23/2017 using a yield of 0.9233843%</u>
6/1/2017	\$ 2,304,425.31	\$ 2,300,418.74
12/1/2017	98,344,424.12	97,722,262.26
	<u>\$ 100,648,849.43</u>	<u>\$ 100,022,681.00</u>

(To Exhibit A)

Total Escrowed Securities (Exhibits B-3 and E) \$ 100,022,681.00

THE CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION BONDS, SERIES 2017B
SPECIAL OBLIGATION REFUNDING BONDS, SERIES 2017C

SCHEDULE OF INTEREST RECEIPTS AND PRINCIPAL
MATURITIES OF THE ESCROWED SECURITIES

Payment date	6/1/2017 \$ 2,301,424.00 0.680%	12/1/2017 \$ 97,721,257.00 0.920%	Total
6/1/2017	\$ 2,304,425.31		\$ 2,304,425.31
12/1/2017		\$ 98,344,424.12	98,344,424.12
	<u>\$ 2,304,425.31</u>	<u>\$ 98,344,424.12</u>	<u>\$ 100,648,849.43</u>

(To Exhibit B-1)

THE CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION BONDS, SERIES 2017B
SPECIAL OBLIGATION REFUNDING BONDS, SERIES 2017C

CHARACTERISTICS AND PURCHASE
PRICE OF THE ESCROWED SECURITIES

U.S. TREASURY OBLIGATIONS

<u>Maturity date</u>	<u>Type</u>	<u>Par</u>	<u>Coupon rate</u>
6/1/2017	SLGS	\$ 2,301,424.00	0.680%
12/1/2017	SLGS	97,721,257.00	0.920%
		<u>\$ 100,022,681.00</u>	
Total purchase price of the Escrowed Securities		<u>\$ 100,022,681.00</u> (Exhibit E)	

THE CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION BONDS, SERIES 2017B
SPECIAL OBLIGATION REFUNDING BONDS, SERIES 2017C

DEBT SERVICE TO MATURITY
ESCROW REQUIREMENTS FOR THE 2005A REFUNDED BONDS

Date	Remaining Scheduled Debt Service Payments to Original Maturity Date (For Reference Purposes Only)			Total Debt Service Payments	Escrow requirements
	Principal	Interest rate	Interest		
6/1/2017			\$ 2,304,425.00	\$ 2,304,425.00	\$ 2,304,425.00
12/1/2017	\$ 1,535,000	5.000%	2,304,425.00	3,839,425.00	98,344,425.00
6/1/2018			2,266,050.00	2,266,050.00	
12/1/2018	2,400,000	5.000%	2,266,050.00	4,666,050.00	
6/1/2019			2,206,050.00	2,206,050.00	
12/1/2019	4,080,000	5.000%	2,206,050.00	6,286,050.00	
6/1/2020			2,104,050.00	2,104,050.00	
12/1/2020	4,500,000	5.000%	2,104,050.00	6,604,050.00	
6/1/2021			1,991,550.00	1,991,550.00	
12/1/2021	4,940,000	4.737% (1)	1,991,550.00	6,931,550.00	
6/1/2022			1,874,550.00	1,874,550.00	
12/1/2022	5,410,000	5.250%	1,874,550.00	7,284,550.00	
6/1/2023			1,732,537.50	1,732,537.50	
12/1/2023	5,925,000	5.000%	1,732,537.50	7,657,537.50	
6/1/2024			1,584,412.50	1,584,412.50	
12/1/2024	6,475,000	5.000%	1,584,412.50	8,059,412.50	
6/1/2025			1,422,537.50	1,422,537.50	
12/1/2025	7,040,000	5.000%	1,422,537.50	8,462,537.50	
6/1/2026			1,246,537.50	1,246,537.50	
12/1/2026	7,655,000	4.500%	1,246,537.50	8,901,537.50	
6/1/2027			1,074,300.00	1,074,300.00	
12/1/2027	8,270,000	4.500%	1,074,300.00	9,344,300.00	
6/1/2028			888,225.00	888,225.00	
12/1/2028	8,920,000	4.698% (1)	888,225.00	9,808,225.00	
6/1/2029			678,675.00	678,675.00	
12/1/2029	9,620,000	4.699% (1)	678,675.00	10,298,675.00	
6/1/2030			452,675.00	452,675.00	
12/1/2030	10,355,000	4.698% (1)	452,675.00	10,807,675.00	
6/1/2031			209,412.50	209,412.50	
12/1/2031	4,420,000	4.697% (1)	209,412.50	4,629,412.50	
6/1/2032			105,612.50	105,612.50	
12/1/2032	4,495,000	4.699% (1)	105,612.50	4,600,612.50	
	<u>\$ 96,040,000</u>		<u>\$ 44,283,200.00</u>	<u>\$ 140,323,200.00</u>	<u>\$ 100,648,850.00</u>

(T132) 5.00% Term bond due December 1, 2032
(T232) 4.50% Term bond due December 1, 2032

(To Exhibit A)

(1) Bifurcated Coupon - par amounts and rates shown below

12/1/2021	2,940,000.00	5.000%
12/1/2021	2,000,000.00	4.350%
12/1/2028	3,540,000.00	5.000%
12/1/2028	5,380,000.00	4.500%
12/1/2029	3,820,000.00	5.000%
12/1/2029	5,800,000.00	4.500%
12/1/2030	4,110,000.00	5.000%
12/1/2030	6,245,000.00	4.500%
12/1/2031	1,740,000.00	5.000%
12/1/2031	2,680,000.00	4.500%
12/1/2032	1,790,000.00	5.000%
12/1/2032	2,705,000.00	4.500%

THE CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION BONDS, SERIES 2017B
SPECIAL OBLIGATION REFUNDING BONDS, SERIES 2017C

CASH REQUIREMENTS FOR THE 2014D REFUNDED BONDS

Date	Remaining Scheduled Debt Service Payments to Original Maturity Date (For Reference Purposes Only)			Total Debt Service Payments	Cash requirements
	Principal	Interest rate	Interest		
3/24/2017	\$ 1,504,000 *	1.208%	\$ 5,702.83	\$ 1,509,702.83	\$ 1,509,702.83
	<u>\$ 1,504,000</u>		<u>\$ 5,702.83</u>	<u>\$ 1,509,702.83</u>	<u>\$ 1,509,702.83</u>
*	Portion of outstanding bonds				(To Exhibit E)
	Interest based on Act/360 basis				

THE CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION BONDS, SERIES 2017B
SPECIAL OBLIGATION REFUNDING BONDS, SERIES 2017C

YIELD ON THE BONDS

Debt service payment date	Debt service adjusted for yield purposes on the 2017B Bonds (Exhibit D-3)	Debt service adjusted for yield purposes on the 2017C Bonds (Exhibit D-6)	Total adjusted debt service	Present value on 3/23/2017 using a yield of 3.1834786%
9/1/2017		\$ 1,888,110.97	\$ 1,888,110.97	\$ 1,862,118.73
10/1/2017	\$ 2,567,137.30		2,567,137.30	2,525,142.45
3/1/2018		2,151,012.50	2,151,012.50	2,088,162.97
4/1/2018	389,846.88		389,846.88	377,461.32
9/1/2018		2,151,012.50	2,151,012.50	2,055,445.64
10/1/2018	2,614,846.88		2,614,846.88	2,492,104.55
3/1/2019		2,151,012.50	2,151,012.50	2,023,240.92
4/1/2019	334,221.88		334,221.88	313,542.54
9/1/2019		2,151,012.50	2,151,012.50	1,991,540.78
10/1/2019	2,679,221.88		2,679,221.88	2,474,069.44
3/1/2020		2,151,012.50	2,151,012.50	1,960,337.32
4/1/2020	275,596.88		275,596.88	250,506.56
9/1/2020		2,151,012.50	2,151,012.50	1,929,622.75
10/1/2020	2,210,596.88		2,210,596.88	1,977,861.90
3/1/2021		2,151,012.50	2,151,012.50	1,899,389.43
4/1/2021	227,221.88		227,221.88	200,114.32
9/1/2021		2,151,012.50	2,151,012.50	1,869,629.79
10/1/2021	1,792,221.88		1,792,221.88	1,553,679.36
3/1/2022		2,151,012.50	2,151,012.50	1,840,336.44
4/1/2022	188,096.88		188,096.88	160,506.57
9/1/2022		8,271,012.50	8,271,012.50	6,965,536.49
10/1/2022	1,833,096.88		1,833,096.88	1,539,707.58
3/1/2023		1,998,012.50	1,998,012.50	1,656,287.41
4/1/2023	146,971.88		146,971.88	121,514.66
9/1/2023		8,668,012.50	8,668,012.50	7,072,918.14
10/1/2023	656,971.88		656,971.88	534,666.31
3/1/2024		1,831,262.50	1,831,262.50	1,470,859.90
4/1/2024	139,321.88		139,321.88	111,608.42
9/1/2024		9,106,262.50	9,106,262.50	7,199,502.33
10/1/2024	664,321.88		664,321.88	523,838.97
3/1/2025		1,649,387.50	1,649,387.50	1,283,590.85
4/1/2025	128,821.88		128,821.88	99,988.60
9/1/2025		9,544,387.50	9,544,387.50	7,311,282.80
10/1/2025	678,821.88		678,821.88	518,630.78
3/1/2026		1,452,012.50	1,452,012.50	1,094,857.20
4/1/2026	117,821.88		117,821.88	88,607.40
9/1/2026		10,022,012.50	10,022,012.50	7,438,470.89
10/1/2026	692,821.88		692,821.88	512,869.95
3/1/2027		1,237,762.50	1,237,762.50	904,289.84
4/1/2027	103,446.88		103,446.88	75,378.01
9/1/2027		44,192,762.50	44,192,762.50	31,780,672.76
10/1/2027	2,673,446.88		2,673,446.88	1,917,522.33
3/1/2028		163,887.50	163,887.50	116,011.05
4/1/2028	49,046.88		49,046.88	34,627.56
9/1/2028		163,887.50	163,887.50	114,193.39
10/1/2028	49,046.88		49,046.88	34,085.01
3/1/2029		163,887.50	163,887.50	112,404.21
4/1/2029	49,046.88		49,046.88	33,550.97
9/1/2029		5,918,887.50	5,918,887.50	3,995,935.21
10/1/2029	49,046.88		49,046.88	33,025.29
3/1/2030		70,368.75	70,368.75	46,762.72
4/1/2030	49,046.88		49,046.88	32,507.85
9/1/2030		4,240,368.75	4,240,368.75	2,773,736.40
10/1/2030	49,046.88		49,046.88	31,998.52
4/1/2031	49,046.88		49,046.88	31,497.17
10/1/2031	759,046.88		759,046.88	479,811.11
4/1/2032	36,621.88		36,621.88	22,786.83
10/1/2032	391,621.88		391,621.88	239,856.70
4/1/2033	30,187.50		30,187.50	18,199.26
10/1/2033	400,187.50		400,187.50	237,482.52
4/1/2034	23,250.00		23,250.00	13,581.03
10/1/2034	408,250.00		408,250.00	234,734.82
4/1/2035	15,790.63		15,790.63	8,937.01
10/1/2035	415,790.63		415,790.63	231,637.69
4/1/2036	8,040.63		8,040.63	4,409.26
10/1/2036	423,040.63		423,040.63	228,349.37
	<u>\$ 24,370,031.22</u>	<u>\$ 73,789,585.97</u>	<u>\$ 154,311,429.67</u>	<u>\$ 121,177,536.35</u>

Aggregate Offering Price of the Bonds (Exhibit E)

\$ 121,177,536.35

EXHIBIT D-2
(2017B)

THE CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION BONDS, SERIES 2017B
SPECIAL OBLIGATION REFUNDING BONDS, SERIES 2017C

DEBT SERVICE ON THE 2017B BONDS

Debt service payment date	Principal	Interest rate	Interest	Total debt service
10/1/2017	\$ 2,105,000	5.000%	\$ 462,137.30	\$ 2,567,137.30
4/1/2018			389,846.88	389,846.88
10/1/2018	2,225,000	5.000%	389,846.88	2,614,846.88
4/1/2019			334,221.88	334,221.88
10/1/2019	2,345,000	5.000%	334,221.88	2,679,221.88
4/1/2020			275,596.88	275,596.88
10/1/2020	1,935,000	5.000%	275,596.88	2,210,596.88
4/1/2021			227,221.88	227,221.88
10/1/2021	1,565,000	5.000%	227,221.88	1,792,221.88
4/1/2022			188,096.88	188,096.88
10/1/2022	1,645,000	5.000%	188,096.88	1,833,096.88
4/1/2023			146,971.88	146,971.88
10/1/2023	510,000	3.000%	146,971.88	656,971.88
4/1/2024			139,321.88	139,321.88
10/1/2024	525,000	4.000%	139,321.88	664,321.88
4/1/2025			128,821.88	128,821.88
10/1/2025	550,000	4.000%	128,821.88	678,821.88
4/1/2026			117,821.88	117,821.88
10/1/2026	575,000	5.000%	117,821.88	692,821.88
4/1/2027			103,446.88	103,446.88
10/1/2027	600,000	5.000%	103,446.88	703,446.88
4/1/2028			88,446.88	88,446.88
10/1/2028	630,000	4.000%	88,446.88	718,446.88
4/1/2029			75,846.88	75,846.88
10/1/2029	655,000	4.000%	75,846.88	730,846.88
4/1/2030			62,746.88	62,746.88
10/1/2030	685,000	4.000%	62,746.88	747,746.88
4/1/2031			49,046.88	49,046.88
10/1/2031	710,000	3.500%	49,046.88	759,046.88
4/1/2032			36,621.88	36,621.88
10/1/2032	355,000	3.625%	36,621.88	391,621.88
4/1/2033			30,187.50	30,187.50
10/1/2033	370,000	3.750%	30,187.50	400,187.50
4/1/2034			23,250.00	23,250.00
10/1/2034	385,000	3.875%	23,250.00	408,250.00
4/1/2035			15,790.63	15,790.63
10/1/2035	400,000	3.875%	15,790.63	415,790.63
4/1/2036			8,040.63	8,040.63
10/1/2036	415,000	3.875%	8,040.63	423,040.63
	<u>\$ 19,185,000</u>		<u>\$ 5,344,831.22</u>	<u>\$ 24,529,831.22</u>

EXHIBIT D-3
(2017B)

THE CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION BONDS, SERIES 2017B
SPECIAL OBLIGATION REFUNDING BONDS, SERIES 2017C

DEBT SERVICE FOR YIELD PURPOSES ON THE 2017B BONDS

Debt service payment date	Principal to Maturity	Principal to Call	Interest	Note (1)- Adjusted for Callable Premium Bonds
				Total debt service
10/1/2017	\$ 2,105,000		\$ 462,137.30	\$ 2,567,137.30
4/1/2018			389,846.88	389,846.88
10/1/2018	2,225,000		389,846.88	2,614,846.88
4/1/2019			334,221.88	334,221.88
10/1/2019	2,345,000		334,221.88	2,679,221.88
4/1/2020			275,596.88	275,596.88
10/1/2020	1,935,000		275,596.88	2,210,596.88
4/1/2021			227,221.88	227,221.88
10/1/2021	1,565,000		227,221.88	1,792,221.88
4/1/2022			188,096.88	188,096.88
10/1/2022	1,645,000		188,096.88	1,833,096.88
4/1/2023			146,971.88	146,971.88
10/1/2023	510,000		146,971.88	656,971.88
4/1/2024			139,321.88	139,321.88
10/1/2024	525,000		139,321.88	664,321.88
4/1/2025			128,821.88	128,821.88
10/1/2025	550,000		128,821.88	678,821.88
4/1/2026			117,821.88	117,821.88
10/1/2026	575,000		117,821.88	692,821.88
4/1/2027			103,446.88	103,446.88
10/1/2027	600,000	\$ 1,970,000 (1)	103,446.88	2,673,446.88
4/1/2028			49,046.88	49,046.88
10/1/2028	(1)		49,046.88	49,046.88
4/1/2029			49,046.88	49,046.88
10/1/2029	(1)		49,046.88	49,046.88
4/1/2030			49,046.88	49,046.88
10/1/2030	(1)		49,046.88	49,046.88
4/1/2031			49,046.88	49,046.88
10/1/2031	710,000		49,046.88	759,046.88
4/1/2032			36,621.88	36,621.88
10/1/2032	355,000		36,621.88	391,621.88
4/1/2033			30,187.50	30,187.50
10/1/2033	370,000		30,187.50	400,187.50
4/1/2034			23,250.00	23,250.00
10/1/2034	385,000		23,250.00	408,250.00
4/1/2035			15,790.63	15,790.63
10/1/2035	400,000		15,790.63	415,790.63
4/1/2036			8,040.63	8,040.63
10/1/2036	415,000		8,040.63	423,040.63
	<u>\$ 17,215,000</u>	<u>\$ 1,970,000</u>	<u>\$ 5,185,031.22</u>	<u>\$ 24,370,031.22</u>

(To Exhibit D-1)

Note (1) Callable Premium Bonds - for arbitrage yield purposes callable premium bonds maturing 10/1/2028 through 10/1/2030 are considered as being redeemed and paid on the first optional redemption date of 10/1/2027 at a call price of 100.00.

THE CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION BONDS, SERIES 2017B
SPECIAL OBLIGATION REFUNDING BONDS, SERIES 2017C

CHARACTERISTICS AND PRICING SUMMARY OF THE 2017B BONDS

Scheduled maturity date	Principal	Interest Rate	Yield as of 3/23/2017	Price	Gross Production
10/1/2017	\$ 2,105,000	5.000%	0.900%	102.131	\$ 2,149,857.55
10/1/2018	2,225,000	5.000%	1.370%	105.449	2,346,240.25
10/1/2019	2,345,000	5.000%	1.550%	108.501	2,544,348.45
10/1/2020	1,935,000	5.000%	1.760%	111.018	2,148,198.30
10/1/2021	1,565,000	5.000%	2.000%	112.909	1,767,025.85
10/1/2022	1,645,000	5.000%	2.280%	114.037	1,875,908.65
10/1/2023	510,000	3.000%	2.510%	102.930	524,943.00
10/1/2024	525,000	4.000%	2.740%	108.512	569,688.00
10/1/2025	550,000	4.000%	2.930%	108.017	594,093.50
10/1/2026	575,000	5.000%	3.080%	115.740	665,505.00
10/1/2027	600,000	5.000%	3.190%	116.069	696,414.00
10/1/2028	630,000	4.000%	3.320%	105.996 (1)	667,774.80
10/1/2029	655,000	4.000%	3.480%	104.548 (1)	684,789.40
10/1/2030	685,000	4.000%	3.570%	103.743 (1)	710,639.55
10/1/2031	710,000	3.500%	3.720%	97.548	692,590.80
10/1/2032	355,000	3.625%	3.830%	97.617	346,540.35
10/1/2033	370,000	3.750%	3.940%	97.707	361,515.90
10/1/2034	385,000	3.875%	3.980%	98.683	379,929.55
10/1/2035	400,000	3.875% (T36)	4.000%	98.316	393,264.00
10/1/2036	415,000	3.875% (T36)	4.000%	98.316	408,011.40
	<u>\$ 19,185,000</u>				<u>\$ 20,527,278.30</u>

Aggregate Offering Price of the 2017B Bonds (Exhibit E)

\$ 20,527,278.30

Par amount of the 2017B Bonds

19,185,000.00

Net original issue premium

\$ 1,342,278.30

- (1) Priced to the first optional redemption date of 10/1/2027 @ 100.00 - treated as called and redeemed on this date for arbitrage yield purposes.

THE CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION BONDS, SERIES 2017B
SPECIAL OBLIGATION REFUNDING BONDS, SERIES 2017C

DEBT SERVICE ON THE 2017C BONDS

Debt service payment date	Principal	Interest rate	Interest	Total debt service
9/1/2017			\$ 1,888,110.97	\$ 1,888,110.97
3/1/2018			2,151,012.50	2,151,012.50
9/1/2018			2,151,012.50	2,151,012.50
3/1/2019			2,151,012.50	2,151,012.50
9/1/2019			2,151,012.50	2,151,012.50
3/1/2020			2,151,012.50	2,151,012.50
9/1/2020			2,151,012.50	2,151,012.50
3/1/2021			2,151,012.50	2,151,012.50
9/1/2021			2,151,012.50	2,151,012.50
3/1/2022			2,151,012.50	2,151,012.50
9/1/2022	\$ 6,120,000	5.000%	2,151,012.50	8,271,012.50
3/1/2023			1,998,012.50	1,998,012.50
9/1/2023	6,670,000	5.000%	1,998,012.50	8,668,012.50
3/1/2024			1,831,262.50	1,831,262.50
9/1/2024	7,275,000	5.000%	1,831,262.50	9,106,262.50
3/1/2025			1,649,387.50	1,649,387.50
9/1/2025	7,895,000	5.000%	1,649,387.50	9,544,387.50
3/1/2026			1,452,012.50	1,452,012.50
9/1/2026	8,570,000	5.000%	1,452,012.50	10,022,012.50
3/1/2027			1,237,762.50	1,237,762.50
9/1/2027	9,285,000	5.000%	1,237,762.50	10,522,762.50
3/1/2028			1,005,637.50	1,005,637.50
9/1/2028	10,045,000	5.000%	1,005,637.50	11,050,637.50
3/1/2029			754,512.50	754,512.50
9/1/2029	10,795,000	4.067% (1)	754,512.50	11,549,512.50
3/1/2030			534,993.75	534,993.75
9/1/2030	11,555,000	4.414% (1)	534,993.75	12,089,993.75
3/1/2031			280,000.00	280,000.00
9/1/2031	5,525,000	5.000%	280,000.00	5,805,000.00
3/1/2032			141,875.00	141,875.00
9/1/2032	5,675,000	5.000%	141,875.00	5,816,875.00
	<u>\$ 89,410,000</u>		<u>\$ 45,169,148.47</u>	<u>\$ 134,579,148.47</u>

(1) Bifurcated Coupon - par amounts and rates shown on Exhibit D-7

EXHIBIT D-6
(2017C)

THE CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION BONDS, SERIES 2017B
SPECIAL OBLIGATION REFUNDING BONDS, SERIES 2017C

DEBT SERVICE FOR YIELD PURPOSES ON THE 2017C BONDS

Debt service payment date	Principal to Maturity	Principal to Call	Interest	Note (1)- Adjusted for Callable Premium Bonds Total debt service
9/1/2017			\$ 1,888,110.97	\$ 1,888,110.97
3/1/2018			2,151,012.50	2,151,012.50
9/1/2018			2,151,012.50	2,151,012.50
3/1/2019			2,151,012.50	2,151,012.50
9/1/2019			2,151,012.50	2,151,012.50
3/1/2020			2,151,012.50	2,151,012.50
9/1/2020			2,151,012.50	2,151,012.50
3/1/2021			2,151,012.50	2,151,012.50
9/1/2021			2,151,012.50	2,151,012.50
3/1/2022			2,151,012.50	2,151,012.50
9/1/2022	\$ 6,120,000		2,151,012.50	8,271,012.50
3/1/2023			1,998,012.50	1,998,012.50
9/1/2023	6,670,000		1,998,012.50	8,668,012.50
3/1/2024			1,831,262.50	1,831,262.50
9/1/2024	7,275,000		1,831,262.50	9,106,262.50
3/1/2025			1,649,387.50	1,649,387.50
9/1/2025	7,895,000		1,649,387.50	9,544,387.50
3/1/2026			1,452,012.50	1,452,012.50
9/1/2026	8,570,000		1,452,012.50	10,022,012.50
3/1/2027			1,237,762.50	1,237,762.50
9/1/2027	9,285,000	\$ 33,670,000 (1)	1,237,762.50	44,192,762.50
3/1/2028			163,887.50	163,887.50
9/1/2028	(1)		163,887.50	163,887.50
3/1/2029			163,887.50	163,887.50
9/1/2029	5,755,000 (1)		163,887.50	5,918,887.50
3/1/2030			70,368.75	70,368.75
9/1/2030	4,170,000 (1)		70,368.75	4,240,368.75
3/1/2031				
9/1/2031	(1)			
3/1/2032				
9/1/2032	(1)			
	<u>\$ 55,740,000</u>	<u>\$ 33,670,000</u>	<u>\$ 40,531,398.47</u>	<u>\$ 129,941,398.47</u> (To Exhibit D-1)

Note (1) Callable Premium Bonds - for arbitrage yield purposes callable premium bonds maturing 9/1/2028 through 9/1/2032 (only maturities bearing interest at a rate of 5%) are considered as being redeemed and paid on the first optional redemption date of 9/1/2027 at a call price of 100.00.

THE CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION BONDS, SERIES 2017B
SPECIAL OBLIGATION REFUNDING BONDS, SERIES 2017C

CHARACTERISTICS AND PRICING SUMMARY OF THE 2017C BONDS

Scheduled maturity date	Principal	Interest Rate	Yield as of 3/23/2017	Price	Gross Production
9/1/2022	\$ 6,120,000	5.000%	2.270%	113.892	\$ 6,970,190.40
9/1/2023	6,670,000	5.000%	2.500%	114.781	7,655,892.70
9/1/2024	7,275,000	5.000%	2.730%	115.186	8,379,781.50
9/1/2025	7,895,000	5.000%	2.920%	115.456	9,115,251.20
9/1/2026	8,570,000	5.000%	3.070%	115.709	9,916,261.30
9/1/2027	9,285,000	5.000%	3.180%	116.057	10,775,892.45
9/1/2028	10,045,000	5.000%	3.300%	114.907 (1)	11,542,408.15
9/1/2029	5,755,000	3.250%	3.590%	96.611	5,559,963.05
9/1/2029	5,040,000	5.000%	3.390%	114.053 (1)	5,748,271.20
9/1/2030	4,170,000	3.375%	3.700%	96.581	4,027,427.70
9/1/2030	7,385,000	5.000%	3.460%	113.394 (1)	8,374,146.90
9/1/2031	5,525,000	5.000%	3.530%	112.740 (1)	6,228,885.00
9/1/2032	5,675,000	5.000%	3.610%	111.998 (1)	6,355,886.50
	<u>\$ 89,410,000</u>				<u>\$ 100,650,258.05</u>

Aggregate Offering Price of the 2017C Bonds (Exhibit E)

\$ 100,650,258.05

Par amount of the 2017C Bonds

89,410,000.00

Original issue premium

\$ 11,240,258.05

- (1) Priced to the first optional redemption date of 9/1/2027 @ 100.00 - treated as called and redeemed on this date for arbitrage yield purposes.

THE CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION BONDS, SERIES 2017B
SPECIAL OBLIGATION REFUNDING BONDS, SERIES 2017C

SOURCES AND USES OF FUNDS

	2017B Bonds	2017C Bonds	Total
<u>Sources of Funds</u>			
Par amount of the Bonds	\$ 19,185,000.00	\$ 89,410,000.00	\$ 108,595,000.00
Original issue premium	<u>1,342,278.30</u>	<u>11,240,258.05</u>	<u>12,582,536.35</u>
Aggregate Offering Price of the Bonds	20,527,278.30	100,650,258.05	121,177,536.35
	<u>\$ 20,527,278.30</u>	<u>\$ 100,650,258.05</u>	<u>\$ 121,177,536.35</u>
<u>Uses of Funds</u>			
Purchase price of Escrowed Securities		\$ 100,022,681.00	\$ 100,022,681.00
Beginning cash deposit to Escrow Fund		<u>0.57</u>	<u>0.57</u>
Total deposit to Escrow Fund		100,022,681.57	100,022,681.57
Deposit to redeem 2014D Refunded Bonds	\$ 1,509,702.83		1,509,702.83
Deposit for the Project Fund	18,801,937.00		18,801,937.00
Issuance Costs	150,000.00	310,000.00	460,000.00
Underwriter's Discount	61,088.08	315,824.35	376,912.43
Additional Proceeds	4,550.39	1,752.13	6,302.52
	<u>\$ 20,527,278.30</u>	<u>\$ 100,650,258.05</u>	<u>\$ 121,177,536.35</u>



DEPARTMENT OF THE TREASURY

BUREAU OF THE FISCAL SERVICE

PARKERSBURG, WV 26106-0396

SUBSCRIPTION CONFIRMATION

State and Local Government Series Securities

Treasury Case Number:	201700882
Program Type:	Time Deposit
Issue Amount:	\$100,022,681.00
Issue Date:	03/23/2017
Owner Name:	City of Kansas City
TIN:	44-6000201
Rate Table Date:	03/08/2017
Status:	Complete
Confirmation Date:	03/09/2017
Confirmation Time:	10:49 AM EST



**U.S. Treasury Securities
SLGS Time Deposit
Subscription View**

OMB: No: 1535-0092
Date/Time: 03/09/2017 10:51 AM EST

Page: 1 of 2

Issue Information

Treasury Case Number 201700882
Status Complete
Issue Date 03/23/2017
Issue Amount \$100,022,681.00
Rate Table Date 03/08/2017

Owner

Taxpayer Identification Number 44-6000201
Underlying Bond Issue Special Obligation Refunding Bonds, Series 2017C (2005A)
Owner Name City of Kansas City
Address Line 1 414 E. 12th Street
Line 2 1st Floor
Line 3
City Kansas City
State MO
Zip Code 64106
Contact Name Dan Grandcolas
Telephone 816-513-1014
Fax 816-513-1020
E-mail dan.grandcolas@kcmo.org

Trustee

ABA Routing Number 101000695
Bank Reference Number
Bank Name UMB Bank, N.A.
Address Line 1 1010 Grand Avenue
Line 2 4th Floor
Line 3
City Kansas City
State MO
Zip Code 64106
Contact Name Lara Stevens
Telephone 816-860-3017
Fax
E-mail lara.stevens@umb.com

Funds for Purchase

ABA Routing Number 101000695
Bank Name UMB Bank, N.A.
Contact Name Lara Stevens
Telephone 816-860-3017
Fax
E-mail lara.stevens@umb.com



**U.S. Treasury Securities
SLGS Time Deposit
Subscription View**

OMB: No: 1535-0092
Date/Time: 03/09/2017 10:51 AM EST
Page: 2 of 2

ACH Institutions & Instructions

ABA Routing Number 101000695
Bank Name UMB Bank, N.A.

Address Line 1 1010 Grand Avenue
Line 2 4th Floor
Line 3
City Kansas City
State MO
Zip Code 64106
Contact Name Lara Stevens
Telephone 816-860-3017
Fax
E-mail lara.stevens@umb.com

ABA Routing Number 101000695
Account Name UMB TRUST
CLEARANCE
Account Number 980-101-898-1
Account Type Checking

Subscriber

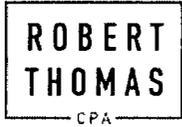
ABA/TIN 75-1382137
Organization Name Hilltop Securities Inc
Address Line 1 1201 Elm Street
Line 2 Suite 3500
Line 3
City Dallas
State TX
Zip Code 75270
Contact Name Antonio DeLuna
Telephone 214-953-4017
Fax 214-953-4050
E-mail tony.deluna@hilltopsecurities.com

Viewers

ABA/TIN	Organization Name
No Viewers Assigned	

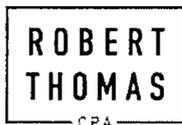
Securities

Security Number	Security Type	Principal Amount	Interest Rate	Maturity Date	First Interest Payment Date	Security Description
1	C of I	\$2,301,424.00	0.680000000	06/01/2017		
2	C of I	\$97,721,257.00	0.920000000	12/01/2017		



THE CITY OF KANSAS CITY, MISSOURI

Verification Report
March 23, 2017



INDEPENDENT ACCOUNTANT'S VERIFICATION REPORT

March 23, 2017

The City of Kansas City, Missouri ("Issuer")
Kansas City, Missouri

Kutak Rock LLP ("Co-Bond Counsel")
Kansas City, Missouri

Hardwick Law Firm, LLC ("Co-Bond Counsel")
Kansas City, Missouri

UMB Bank, N.A. ("Paying/Escrow Agent")
Kansas City, Missouri

First Southwest, a division of Hilltop Securities, Inc.
("Financial Advisor")
Dallas, Texas

J.P. Morgan Securities LLC
("Underwriter" representing the underwriting syndicate)
Chicago, Illinois

Pursuant to the request of the Financial Advisor, on behalf of the Issuer, we have performed certain procedures, as discussed below, in connection with the Issuer's proposed issuance of **\$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D** dated March 23, 2017 (the "Bonds").

Proceeds from the Bonds will be used to acquire a United States Treasury Obligation – State and Local Government Series (the "SLGS" or "Escrowed Securities") to provide funds to currently refund the serial bonds originally scheduled to mature April 1, 2018 through April 1, 2022 inclusive, (the "Refunded Bonds"), of the Issuer's outstanding **Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects) Series 2007A**, dated March 8, 2007 (the "2007 Bonds").

The procedures were performed solely to assist the addressees of this report in evaluating the mathematical accuracy of certain schedules prepared by the Financial Advisor which indicate that there will be sufficient funds available in an escrow account (the "Escrow Fund"), to be established on March 23, 2017, to pay the remaining payments of principal and interest related to the Refunded Bonds (the "Escrow Requirements"), assuming the Refunded Bonds, in the aggregate principal amount of \$17,425,000, will be called and redeemed on the optional redemption date of April 24, 2017, at 100.00 percent of the principal amounts thereof.

The procedures we performed are summarized below:

1. We independently calculated the future cash receipts from the Escrowed Securities and compared the future cash receipts to the Financial Advisor's schedules. We found the future cash receipts to be in agreement.
2. We independently calculated the Escrow Requirements related to the Refunded Bonds, using information from the Official Statement and Trust Indenture for the 2007 (the "Prior Bond Documents"), compared the Escrow Requirements to the Financial Advisor's schedules, and found the Escrow Requirements to be in agreement. We assume the Prior Bond Documents to be accurate and have relied solely on the documents named in this paragraph to calculate Escrow Requirements.
3. Using the results of our independent calculations described in procedures 1 and 2 and assuming an initial cash deposit in the amount of \$418,825.53 to the Escrow Fund on March 23, 2017, we prepared an Escrow Fund cash flow schedule (attached hereto as Exhibit A). The resulting cash flow schedule indicates that there will be sufficient funds available in the Escrow Fund to pay the Escrow Requirements on a timely basis.
4. We compared the interest rates for the SLGS on the final SLGS Subscription View Form (provided by the Financial Advisor and attached to this report) to the Department of the Treasury Bureau of the Fiscal Service SLGS table for use on March 8, 2017, and found the interest rates on the final SLGS Subscription View Form to be less than or equal to the applicable maximum allowable interest rates for use on March 8, 2017.
5. We compared the terms (i.e., the principal amounts, interest rates, first interest payment dates, issue date and maturity dates) of the SLGS to be acquired on March 23, 2017, as summarized herein, to the final SLGS subscription forms; we found the terms to be in agreement.
6. We compared pertinent terms of the Refunded Bonds (i.e., debt service payment dates, annual maturity amounts, interest rates, and optional redemption provisions), as summarized herein, to the information from the Prior Bond Documents; we found the terms to be in agreement.
7. We compared the maturity and interest payment dates, interest rates, principal maturity amounts and issue prices to the public of the Bonds, to the Official Statement for the Bonds; we found the terms to be in agreement.

Based on performing the agreed-upon procedures, we have found that those schedules provided by the Financial Advisor, when compared to those schedules prepared by us (attached hereto as Exhibits), are arithmetically accurate and reflect, based on the assumptions set forth herein, that there will be sufficient funds available in the Escrow Fund to pay the Escrow Requirements on a timely basis.

This engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants (the "AICPA"). The sufficiency of these procedures is solely the responsibility of the specified users of the report. We make no representation regarding the sufficiency of the procedures summarized above, either for the purpose for which this report has been requested or for any other purpose.

The City of Kansas City, Missouri
March 23, 2017
Page 3 of 3

We were not engaged to, and did not, perform additional procedures, beyond those described herein, which would constitute an examination, the objective of which would be the expression of an opinion on the achievability of the anticipated escrow account cash sufficiency. Accordingly, in accordance with standards for attestation services established by the AICPA, we cannot express such an opinion. Had we performed an examination or performed additional procedures, other matters might have come to our attention that would have been reported to you.

The results of our independent calculations with respect to the proposed transactions are summarized in the accompanying exhibits. The original computations, along with related characteristics and assumptions contained herein, were provided by the Financial Advisor on behalf of the Issuer. We relied solely on this information and these assumptions and limited our work to performing those procedures set forth above.

This report is issued solely for the information of, and assistance to, the addressees of this report and is not to be quoted or referred to in any document, except for the Official Statement for the Bonds and the required closing transaction documents. Additionally, this report should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under the terms of our engagement, we have no obligation to update this report because of events or transactions occurring subsequent to the date of this report.

A handwritten signature in black ink that reads "Robert Thomas CPA, LLC". The signature is written in a cursive, flowing style.

Shawnee Mission, Kansas

EXHIBITS

CITY OF KANSAS CITY, MISSOURI

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B-2	Characteristics and Purchase Price of the Escrowed Securities	3
C	Debt Service to Maturity and Escrow Requirements for the Refunded Bonds	4
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D-2	Characteristics and Pricing Summary of the Bonds	6
E	Sources and Uses of Funds	7

CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION REFUNDING BONDS
(MIDTOWN REDEVELOPMENT PROJECT), SERIES 2017D

ESCROW FUND CASH FLOW

<u>Date</u>	<u>Cash receipts from Escrowed Securities (Exhibit B-1)</u>	<u>Cash disbursements for the Refunded Bonds (Exhibit C)</u>	<u>Cash balance</u>
Initial cash deposit on 3/23/2017			\$ 418,825.53
4/1/2017		\$ 418,825.00	0.53
4/24/2017	\$ 17,487,097.23	17,478,516.53	8,581.23
	<u>\$ 17,487,097.23</u>	<u>\$ 17,897,341.53</u>	

CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION REFUNDING BONDS
(MIDTOWN REDEVELOPMENT PROJECT), SERIES 2017D

SCHEDULE OF INTEREST RECEIPTS, PRINCIPAL
MATURITIES AND YIELD ON THE ESCROWED SECURITIES

Payment date	4/24/2017 \$ 17,478,516 (1) 0.560%	Total	Present Value value on 3/23/2017 using a yield of 0.5708186%
4/24/2017	\$ 17,487,097.23	\$ 17,487,097.23	\$ 17,478,516.00
	<u>\$ 17,487,097.23</u>	<u>\$ 17,487,097.23</u> (to Exhibit A)	<u>\$ 17,478,516.00</u>
	Total Escrowed Securities (Exhibits B-2 & E)		<u>\$ 17,478,516.00</u>

(1) par amount of SLGS invested at a rate of 0.56%

CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION REFUNDING BONDS
(MIDTOWN REDEVELOPMENT PROJECT), SERIES 2017D

CHARACTERISTICS AND PURCHASE
PRICE OF THE ESCROWED SECURITIES

U.S. TREASURY OBLIGATIONS -
STATE AND LOCAL GOVERNMENT SERIES

<u>Maturity date</u>	<u>Type</u>	<u>Par</u>	<u>Coupon rate</u>
4/24/2017	SLGS	\$ 17,478,516.00	0.560%
		<u>\$ 17,478,516.00</u>	
Total Purchase Price of the Escrowed Securities		<u>\$ 17,478,516.00</u> (Exhibit E)	

CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION REFUNDING BONDS
(MIDTOWN REDEVELOPMENT PROJECT), SERIES 2017D

DEBT SERVICE TO MATURITY
ESCROW REQUIREMENTS FOR THE REFUNDED BONDS

Date	Remaining Scheduled Debt Service Payments to Original Maturity Date (For Reference Purposes Only)			Accrued Interest	Total Debt Service Payments	Escrow requirements
	Principal	Interest rate	Interest			
4/1/2017			\$ 418,825 00		\$ 418,825 00	\$ 418,825 00
4/24/2017				\$ 53,516.53		17,478,516.53
10/1/2017			418,825 00		418,825 00	
4/1/2018	\$ 3,395,000	5.000%	418,825 00		3,813,825 00	
10/1/2018			333,950.00		333,950.00	
4/1/2019	3,615,000	5.000%	333,950 00		3,948,950 00	
10/1/2019			243,575.00		243,575.00	
4/1/2020	3,860,000	5 000%	243,575 00		4,103,575 00	
10/1/2020			147,075 00		147,075 00	
4/1/2021	3,195,000	5 000%	147,075.00		3,342,075.00	
10/1/2021			67,200.00		67,200.00	
4/1/2022	3,360,000	4.000%	67,200 00		3,427,200 00	
	<u>\$ 17,425,000</u>		<u>\$ 2,840,075 00</u>	<u>\$ 53,516 53</u>	<u>\$ 20,265,075 00</u>	<u>\$ 17,897,341 53</u>

(To Exhibit A)

CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION REFUNDING BONDS
(MIDTOWN REDEVELOPMENT PROJECT), SERIES 2017D

DEBT SERVICE AND YIELD ON THE BONDS

Debt service payment date	Principal	Interest rate	Interest	Total debt service	Present value on 3/23/2017 using a yield of 1.8269400%
10/1/2017			\$ 422,608.33	\$ 422,608.33	\$ 418,613.66
4/1/2018	\$ 3,155,000	5.000%	404,625.00	3,559,625.00	3,494,060.74
10/1/2018			325,750.00	325,750.00	316,855.67
4/1/2019	3,385,000	5.000%	325,750.00	3,710,750.00	3,576,758.51
10/1/2019			241,125.00	241,125.00	230,314.36
4/1/2020	3,615,000	5.000%	241,125.00	3,856,125.00	3,649,898.16
10/1/2020			150,750.00	150,750.00	141,396.23
4/1/2021	2,940,000	5.000%	150,750.00	3,090,750.00	2,872,732.85
10/1/2021			77,250.00	77,250.00	71,150.95
4/1/2022	3,090,000	5.000%	77,250.00	3,167,250.00	2,890,782.57
	<u>\$ 16,185,000</u>		<u>\$ 2,416,983.33</u>	<u>\$ 18,601,983.33</u>	<u>\$ 17,662,563.70</u>
Aggregate Offering Price of the Bonds (Exhibits D-2 & E)					<u>\$ 17,662,563.70</u>

CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION REFUNDING BONDS
(MIDTOWN REDEVELOPMENT PROJECT), SERIES 2017D

CHARACTERISTICS AND PRICING SUMMARY OF THE BONDS

Scheduled maturity date	Principal	Interest Rate	Yield as of 3/23/2017	Price	Gross Production
4/1/2018	\$ 3,155,000	5.000%	1.000%	104.057	\$ 3,282,998.35
4/1/2019	3,385,000	5.000%	1.480%	106.986	3,621,476.10
4/1/2020	3,615,000	5.000%	1.680%	109.743	3,967,209.45
4/1/2021	2,940,000	5.000%	1.910%	111.908	3,290,095.20
4/1/2022	3,090,000	5.000%	2.190%	113.294	3,500,784.60
	<u>\$ 16,185,000</u>				<u>\$ 17,662,563.70</u>
Aggregate Offering Price of the Bonds (Exhibit E)					\$ 17,662,563.70
Par amount of the Bonds					<u>16,185,000.00</u>
Original Issue Premium					<u>\$ 1,477,563.70</u>

CITY OF KANSAS CITY, MISSOURI

SPECIAL OBLIGATION REFUNDING BONDS
(MIDTOWN REDEVELOPMENT PROJECT), SERIES 2017D

SOURCES AND USES OF FUNDS

Sources of Funds

Par amount of the Bonds	\$ 16,185,000.00
Original issue premium	<u>1,477,563.70</u>
Aggregate Offering Price of the Bonds	17,662,563.70
Debt Service Funds	418,825.00
	<u>\$ 18,081,388.70</u>

Uses of Funds

Purchase price of Escrowed Securities	\$ 17,478,516.00
Beginning cash deposit to Escrow Fund	<u>418,825.53</u>
Total deposit to Escrow Fund	17,897,341.53
Issuance Costs	140,000.00
Underwriter's Discount	40,404.76
Additional Proceeds	3,642.41
	<u>\$ 18,081,388.70</u>



DEPARTMENT OF THE TREASURY

BUREAU OF THE FISCAL SERVICE

PARKERSBURG, WV 26106-0396

SUBSCRIPTION CONFIRMATION

State and Local Government Series Securities

Treasury Case Number:	201700883
Program Type:	Time Deposit
Issue Amount:	\$17,478,516.00
Issue Date:	03/23/2017
Owner Name:	City of Kansas City
TIN:	44-6000201
Rate Table Date:	03/08/2017
Status:	Complete
Confirmation Date:	03/09/2017
Confirmation Time:	10:44 AM EST



**U.S. Treasury Securities
SLGS Time Deposit
Subscription View**

OMB: No: 1535-0092
Date/Time: 03/09/2017 10:45 AM EST

Page: 1 of 2

Issue Information

Treasury Case Number 201700883
Status Complete
Issue Date 03/23/2017
Issue Amount \$17,478,516.00
Rate Table Date 03/08/2017

Owner

Taxpayer Identification Number 44-6000201
Underlying Bond Issue Special Obligation Refunding Bonds, Series 2017D (2007A)
Owner Name City of Kansas City
Address Line 1 414 E. 12th Street
Line 2 1st Floor
Line 3
City Kansas City
State MO
Zip Code 64106
Contact Name Dan Grandcolas
Telephone 816-513-1014
Fax 816-513-1020
E-mail dan.grandcolas@kcmo.org

Trustee

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State MO
Zip Code 64106
Contact Name Lara Stevens
Telephone 816-860-3017
Fax
E-mail lara.stevens@umb.com

Funds for Purchase

ABA Routing Number 101000695
Bank Name UMB Bank, N.A.
Contact Name Lara Stevens
Telephone 816-860-3017
Fax
E-mail lara.stevens@umb.com



**U.S. Treasury Securities
SLGS Time Deposit
Subscription View**

OMB: No: 1535-0092
Date/Time: 03/09/2017 10:45 AM EST

ACH Institutions & Instructions

ABA Routing Number 101000695
Bank Name UMB Bank, N.A.

Address Line 1 1010 Grand Avenue
Line 2 4th Floor
Line 3
City Kansas City
State MO
Zip Code 64106
Contact Name Lara Stevens
Telephone 816-860-3017
Fax
E-mail lara.stevens@umb.com

ABA Routing Number 101000695
Account Name UMB TRUST
CLEARANCE
Account Number 980-101-898-1
Account Type Checking

Subscriber

ABA/TIN 75-1382137
Organization Name Hilltop Securities Inc
Address Line 1 1201 Elm Street
Line 2 Suite 3500
Line 3
City Dallas
State TX
Zip Code 75270
Contact Name Antonio DeLuna
Telephone 214-953-4017
Fax 214-953-4050
E-mail tony.deluna@hilltopsecurities.com

Viewers

ABA/TIN	Organization Name
No Viewers Assigned	

Securities

Security Number	Security Type	Principal Amount	Interest Rate	Maturity Date	First Interest Payment Date	Security Description
1	C of I	\$17,478,516.00	0.560000000	04/24/2017		

NOTICE OF PARTIAL REDEMPTION

To: Commerce Bank
922 Walnut, 10th Floor
Kansas City, Missouri 64106
Attention: Corporate Trust Department

Re: Redemption of \$1,504,000.00 principal amount of Special Obligation Bond Anticipation Bonds (Streetcar System Expansion Project), Series 2014D (the "Bonds") of the City of Kansas City, Missouri.

The City of Kansas City, Missouri (the "City"), gives notice to and irrevocably direct Commerce Bank, as paying agent for the above-referenced bonds (the "Paying Agent"), pursuant to the Bond Issuance and Purchase Agreement dated as of June 1, 2014, as amended (the "Bond Issuance Agreement") by and between the City and PNC Bank, National Association, as Purchaser, as follows:

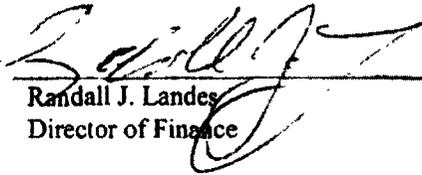
- (a) The City intends to provide for the redemption and payment on March 24, 2017 (the "Redemption Date") of \$1,504,000.00 principal amount of the above-referenced Bonds (the "Redeemed Bonds") in accordance with the Bond Issuance Agreement.
- (b) The City requests and directs the Paying Agent to (1) call the Redeemed Bonds for optional redemption and payment on the Redemption Date, pursuant to **Section 301** of the Bond Issuance Agreement, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, (2) give notice of such redemption to the Purchaser and otherwise in accordance with the requirements of the Bond Issuance Agreement, and (3) take or cause to be taken all further action necessary to call and redeem the Redeemed Bonds as provided herein.
- (d) The City further requests the Paying Agent, upon the deposit with the Paying Agent, in trust, of moneys in the necessary amount to pay and redeem the Redeemed Bonds as aforesaid, and notice of redemption having been given as provided in the Bond Issuance Agreement, and compliance with the other requirements of the Bond Issuance Agreement for satisfaction and discharge of the Redeemed Bonds, to execute and deliver to the City the proper instruments acknowledging the satisfaction and discharge of the Redeemed Bonds, in accordance with the provisions thereof.
- (e) All moneys deposited with the Paying Agent and held in trust pursuant to these instructions shall be used solely for the payment of the principal of and redemption premium on the Redeemed Bonds on the Redemption Date in accordance with these instructions and the Bond Issuance Agreement.

These instructions, upon acknowledgment of receipt and acceptance of the terms hereof by the Paying Agent, shall constitute a binding irrevocable agreement between the City and the Paying Agent.

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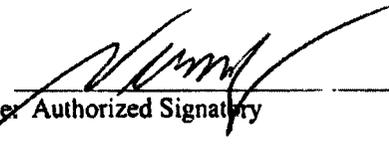
DATED: March 3, 2017.

THE CITY OF KANSAS CITY, MISSOURI

By: 
Randall J. Landes
Director of Finance

**ACKNOWLEDGMENT AND
AGREEMENT:**

COMMERCE BANK, as Paying Agent

By: 
Title: Authorized Signatory

NOTICE OF PARTIAL REDEMPTION TO THE HOLDERS OF

City of Kansas City, Missouri
Special Obligation Bond Anticipation Bond
(Streetcar System Expansion Project)
Series 2014D
Dated June 4, 2014

NOTICE IS HEREBY GIVEN, that, pursuant to the applicable provisions of the governing documents of the above captioned Bonds (the "Bonds") \$1,504,000 principal amount of the Bonds will be redeemed on March 24, 2017, at the price indicated below, together with interest accrued to March 24, 2017. From and after March 24, 2017, interest on the redeemed Bonds shall cease to accrue.

The following Bonds will be redeemed and paid upon presentation to the office(s) shown below.

***CUSIP Number: N/A, Variable, Due: 06/01/2020, Redemption Price: 100.00%**

Principal Amount of Redemption: \$1,504,000

Registered Bond called in the amount indicated below:

R3_1.....\$1,504,000

Payment of the Bonds called for redemption will be made upon presentation and surrender of said Bonds at the location shown below. In the case of any registered Bonds to be redeemed in part only, upon presentation of such Bond for redemption, there will be issued in lieu of the unredeemed portion of the principal thereof a new registered Bond or Bonds in principal amount equal to such unredeemed portion.

Called Bonds should be presented as follows:

Delivery Instructions:

Commerce Trust Company

Corporate Trust Services

111 Fillmore Ave E

St. Paul, MN 55107

1-866-837-0498



The Commerce Trust Company

A Division of Commerce Bank

By:

as Trustee

Dated: March 9, 2017

NOTICE

Federal law requires the payor to withhold at the current rate of withholding from the payment if a certified taxpayer (social security) number is not provided. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

**The Issuer and Trustee shall not be responsible for the use of the CUSIP number(s) selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.*

Code 563343@3/8/2017 1.18:13 PM

SR

CERTIFICATE OF PAYING AGENT

The undersigned is duly authorized to execute this Certificate of Paying Agent on behalf of Commerce Bank, as Paying Agent (the "Paying Agent"), of the Special Obligation Bond Anticipation Bonds (Streetcar System Expansion Project) Series 2014D (the "Series 2014D Bonds") issued by the City of Kansas City, Missouri (the "City") pursuant to the Bond Issuance and Purchase Agreement dated as of June 1, 2014, as amended (the "Bond Issuance Agreement") by and between the City and PNC Bank, National Association, as Purchaser. The City gave notice to the Paying Agent that the City intended to provide for the redemption and payment on March 24, 2017 (the "Redemption Date") of \$1,504,000.00 principal amount of the Series 2014D Bonds (the "Redeemed Bonds"). The Paying Agent gave notice to the Purchaser of such intended redemption. The undersigned hereby certifies as of March 23, 2017:

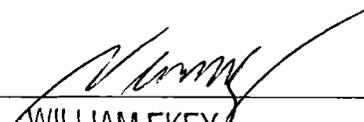
1. The principal and interest due on the Redeemed Bonds on the Redemption Date is as follows:

Principal	\$ 1,504,000.00
Interest	<u>5,702.83</u>
Total Payment Due	<u>\$ 1,509,702.83</u>

2. Sufficient funds have been deposited with the Paying Agent to pay the Redeemed Bonds in full on the Redemption Date.

THIS CERTIFICATE OF PAYING AGENT is hereby executed as of the date first hereinabove written.

COMMERCE BANK
as Paying Agent

By: 
Name: WILLIAM EKEY
Title: SENIOR VICE PRESIDENT

TRUSTEE AND ESCROW AGENT DEFEASANCE CERTIFICATE

**\$96,040,000 Outstanding Principal Amount of
The Industrial Development Authority of the City of Kansas City, Missouri
Tax-Exempt Revenue Bonds
(Kansas City Downtown Redevelopment District)
Series 2005A**

UMB Bank, N.A., as trustee (the "Trustee") for the above-referenced Series 2005A Bonds issued under the Indenture of Trust, dated as of March 1, 2005, as amended by the Amended and Restated Indenture of Trust, dated as of June 1, 2007 (the "Indenture"), by and between The Industrial Development Authority of the City of Kansas City, Missouri (the "Issuer") and the Trustee, and as escrow agent (the "Escrow Agent") under the Escrow Trust Agreement dated as of March 1, 2017 (the "Escrow Trust Agreement") between the Escrow Agent and the City of Kansas City, Missouri (the "City"), hereby acknowledges and certifies as follows:

1. Provision has been made for the advance refunding, defeasance and payment of \$96,040,000 principal amount of the above-described Series 2005A Bonds maturing in the amounts and on the dates set forth on **Exhibit A-1** attached hereto (the "Defeased Bonds"), at the times and in the manner specified in the Indenture by the irrevocable deposit in trust with the Escrow Agent, of certain proceeds of the Bonds issued by the City, to provide sufficient moneys to pay the principal of and interest on the Defeased Bonds through and including December 1, 2017 (the "Redemption Date") as set forth on **Exhibit A-2** attached hereto.

Such moneys have been deposited in the Escrow Fund held by the Escrow Agent under the Escrow Trust Agreement.

2. The Trustee has received irrevocable instructions from the Issuer and the City, in accordance with the Indenture, to (a) give notice of such defeasance to the owners of the Defeased Bonds and all registered depositories then in the business of holding substantial amounts of obligations of types comprising the Defeased Bonds, and national information services that disseminate notice of redemption of obligations such as the Defeased Bonds, and otherwise in accordance with the requirements of the Indenture, (b) to give timely notice of the redemption of the Series 2005A Bonds prior to the Redemption Date and (c) take all other action necessary to effect the payment of such Defeased Bonds as provided herein.

3. The Trustee has been furnished with an opinion of Kutak Rock LLP and the Hardwick Law Firm, LLC, co-Bond Counsel, to the effect that the defeasance of the Defeased Bonds has occurred in conformance with the provisions of the Indenture.

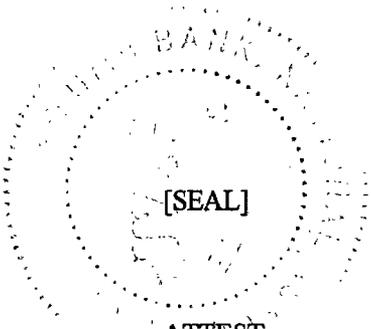
4. All conditions precedent to the satisfaction and discharge of the Defeased Bonds contained in the Indenture have been complied with, and the Defeased Bonds are deemed to be paid and discharged in accordance with the requirements of the Indenture.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, UMB Bank, N.A., as Trustee and Escrow Agent, has caused this certificate to be executed and its corporate seal affixed and attested by its duly authorized officers as of this 23 day of March, 2017.

UMB Bank, N.A.
as Trustee and Escrow Agent

By *Lara Stevens*
Name: Lara Stevens
Title: Vice President



ATTEST:

Elizabeth E. Angotti
Name: Elizabeth E. Angotti
Title: Assistant Secretary

EXHIBIT A-1

**Summary of Bonds Refunded
Special Obligation Refunding Bonds, Series 2017C
Refund IDA KC Live 2005A**

=====

	Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
IDA - Tax-Exempt Revenue Bonds, Series 2005A (KC Live), 05A_IDA:						
	SERIAL	12/1/2017	5.000%	1,535,000.00		
		12/1/2018	5.000%	2,400,000.00	12/1/2017	100.000
		12/1/2019	5.000%	4,080,000.00	12/1/2017	100.000
		12/1/2020	5.000%	4,500,000.00	12/1/2017	100.000
		12/1/2021	5.000%	2,940,000.00	12/1/2017	100.000
		12/1/2021	4.350%	2,000,000.00	12/1/2017	100.000
		12/1/2022	5.250%	5,410,000.00	12/1/2017	100.000
		12/1/2023	5.000%	5,925,000.00	12/1/2017	100.000
		12/1/2024	5.000%	6,475,000.00	12/1/2017	100.000
		12/1/2025	5.000%	7,040,000.00	12/1/2017	100.000
		12/1/2026	4.500%	7,655,000.00	12/1/2017	100.000
		12/1/2027	4.500%	8,270,000.00	12/1/2017	100.000
	TERM32	12/1/2028	5.000%	3,540,000.00	12/1/2017	100.000
		12/1/2029	5.000%	3,820,000.00	12/1/2017	100.000
		12/1/2030	5.000%	4,110,000.00	12/1/2017	100.000
		12/1/2031	5.000%	1,740,000.00	12/1/2017	100.000
		12/1/2032	5.000%	1,790,000.00	12/1/2017	100.000
	TERM322	12/1/2028	4.500%	5,380,000.00	12/1/2017	100.000
		12/1/2029	4.500%	5,800,000.00	12/1/2017	100.000
		12/1/2030	4.500%	6,245,000.00	12/1/2017	100.000
		12/1/2031	4.500%	2,680,000.00	12/1/2017	100.000
		12/1/2032	4.500%	2,705,000.00	12/1/2017	100.000
				96,040,000.00		

EXHIBIT A-2

Escrow Requirements
Special Obligation Refunding Bonds, Series 2017C
Refund IDA KC Live 2005A

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=====

Period Ending	Principal	Interest	Principal Redeemed	Total
6/1/2017		2,304,425.00		2,304,425.00
12/1/2017	1,535,000.00	2,304,425.00	94,505,000.00	98,344,425.00
	1,535,000.00	4,608,850.00	94,505,000.00	100,648,850.00

=====

TRUSTEE AND ESCROW AGENT DEFEASANCE CERTIFICATE

**\$17,425,000 Outstanding Principal Amount of
The Industrial Development Authority of the City of Kansas City, Missouri
Infrastructure Facilities Revenue Bonds
(Kansas City, Missouri – Uptown Theater and Midtown Redevelopment Projects)
Series 2007A**

UMB Bank, N.A., as trustee (the “Trustee”) for the above-referenced Series 2007A Bonds issued under the Trust Indenture, dated as of March 1, 2007 (the “Indenture”), by and between The Industrial Development Authority of the City of Kansas City, Missouri (the “Issuer”) and the Trustee, and as escrow agent (the “Escrow Agent”) under the Escrow Trust Agreement dated as of March 1, 2017 (the “Escrow Trust Agreement”) between the Escrow Agent and the City of Kansas City, Missouri (the “City”), hereby acknowledges and certifies as follows:

1. Provision has been made for the current refunding, defeasance and payment of \$17,425,000 principal amount of the above-described Series 2007A Bonds maturing in the amounts and on the dates set forth on **Exhibit A-1** attached hereto (the “Defeased Bonds”), at the times and in the manner specified in the Indenture by the irrevocable deposit in trust with the Escrow Agent, of certain proceeds of the Bonds issued by the City and of certain moneys held by the Trustee under the Indenture, to provide sufficient moneys to pay the principal of and interest on the Defeased Bonds through and including April 24, 2017 (the “Redemption Date”) as set forth on **Exhibit A-2** attached hereto.

Such moneys have been deposited in the Escrow Fund held by the Escrow Agent under the Escrow Trust Agreement.

2. The Trustee has received irrevocable instructions from the Issuer and the City, in accordance with the Indenture, to (a) give notice of such defeasance to the owners of the Defeased Bonds and all registered depositories then in the business of holding substantial amounts of obligations of types comprising the Defeased Bonds, and national information services that disseminate notice of redemption of obligations such as the Defeased Bonds, and otherwise in accordance with the requirements of the Indenture, (b) to give timely notice of the redemption of the Series 2007A Bonds prior to the Redemption Date and (c) take all other action necessary to effect the payment of such Defeased Bonds as provided herein.

3. The Trustee has been furnished with an opinion of Kutak Rock LLP and the Hardwick Law Firm, LLC, Co-Bond Counsel, to the effect that the defeasance of the Defeased Bonds has occurred in conformance with the provisions of the Indenture.

4. All conditions precedent to the satisfaction and discharge of the Defeased Bonds contained in the Indenture have been complied with, and the Defeased Bonds are deemed to be paid and discharged in accordance with the requirements of the Indenture.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, UMB Bank, N.A., as Trustee and Escrow Agent, has caused this certificate to be executed and its corporate seal affixed and attested by its duly authorized officers as of this 23 day of March, 2017.

UMB Bank, N.A.
as Trustee and Escrow Agent

By 
Name: Lara Stevens
Title: Vice President

[SEAL]

ATTEST:

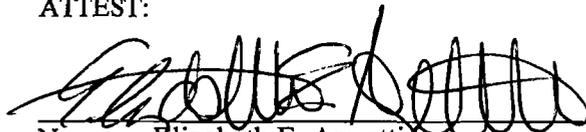

Name: Elizabeth E. Angotti
Title: Assistant Secretary

EXHIBIT A-1
Summary of Bonds Refunded
Special Obligation Refunding Bonds, Series 2017D
Refund IDA 2007A (Midtown Redevelopment Project)

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Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
IDA - Infrastructure Facilities Refunding Revenue Bonds, Series 2007A, 07A_IDA:					
SERIAL	4/1/2018	5.000%	3,395,000.00	4/24/2017	100.000
	4/1/2019	5.000%	3,615,000.00	4/24/2017	100.000
	4/1/2020	5.000%	3,860,000.00	4/24/2017	100.000
	4/1/2021	5.000%	3,195,000.00	4/24/2017	100.000
	4/1/2022	4.000%	3,360,000.00	4/24/2017	100.000
			17,425,000.00		

=====

EXHIBIT A-2
Escrow Requirements
Special Obligation Refunding Bonds, Series 2017D
Refund IDA 2007A (Midtown Redevelopment Project)

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Period Ending	Interest	Principal Redeemed	Total
4/1/2017	418,825.00		418,825.00
4/24/2017	53,516.53	17,425,000.00	17,478,516.53
	472,341.53	17,425,000.00	17,897,341.53

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WICHITA

March 23, 2017

The Industrial Development Authority of the City of Kansas City, Missouri
Kansas City, Missouri

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

City of Kansas City, Missouri
Kansas City, Missouri

RE: Defeasance of \$96,040,000 Outstanding The Industrial Development Authority of the City of Kansas City, Missouri Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A (the "Refunded Series 2005A Bonds")

Ladies and Gentlemen:

This opinion is delivered to you pursuant to an Indenture of Trust dated as of March 1, 2005, as amended by the Amended and Restated Indenture of Trust dated as of June 1, 2007, and the Series Supplement dated June 6, 2007 (the "Indenture") by and between The Industrial Development Authority of the City of Kansas City, Missouri (the "Authority") and UMB Bank, N.A. as Trustee (the "Trustee"), in connection with the satisfaction, discharge and defeasance of the above-captioned Refunded Series 2005A Bonds in accordance with the provisions of the Indenture. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

Provision has been made for the payment of principal of and interest due or to become due on the Refunded Series 2005A Bonds at the times and in the manner specified in the Indenture and for the optional redemption of the Refunded Series 2005A Bonds on December 1, 2017 (the "Redemption Date") by the irrevocable deposit in trust with the Trustee, as escrow agent (the "Escrow Agent"), pursuant to the terms of the Escrow Trust Agreement (the "Escrow Agreement") dated as of March 1, 2017 between the City of Kansas City, Missouri (the "City") and the Escrow Agent, of escrowed securities (the "Escrowed Securities") and cash as described in the Independent Verification Report (the "Verification Report") of Robert Thomas CPA, LLC (the "Verification Agent") related to the Refunded Series 2005A Bonds.

We have examined the law and the Indenture, the Escrow Agreement, the Verification Report and such other documents and certified proceedings as we deem necessary to render this opinion. As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

KUTAK ROCK LLP

March 23, 2017

Page 2

1. According to the mathematical verification by the Verification Agent of the arithmetical accuracy of certain mathematical calculations provided by FirstSouthwest, a division of Hilltop Securities, Inc. ("FirstSouthwest"), relating to the defeasance of the Refunded Series 2005A Bonds, the anticipated receipts from the Escrowed Securities, together with the initial cash deposit, held by the Escrow Agent under the Escrow Agreement, will be sufficient to pay the principal of and accrued interest on the Refunded Series 2005A Bonds through and including the Redemption Date. The Escrow Agreement gives irrevocable instructions to the Escrow Agent to pay the Refunded Series 2005A Bonds on the Redemption Date. The irrevocable instructions of the City have been given to the Escrow Agent.

2. The Escrow Agent's execution, delivery and performance of the Escrow Agreement is authorized or permitted by the Indenture, and the Escrow Agent's compliance with the City's instructions is permitted by the Indenture.

3. In reliance upon the mathematical verification by the Verification Agent of the arithmetical accuracy of certain mathematical calculations provided by FirstSouthwest that sufficient moneys and Escrowed Securities have been, or will be, purchased and will be irrevocably escrowed for payment of the Refunded Series 2005A Bonds, without undertaking to verify the same by independent investigation, and assuming compliance by the Escrow Agent with the terms of the Escrow Agreement, the lien on and pledge of the revenues pledged under the Indenture for payment of the principal and interest on the Refunded Series 2005A Bonds is fully discharged and satisfied pursuant to the terms of the Indenture and such Refunded Series 2005A Bonds are deemed to be paid and discharged and are no longer outstanding within the meaning of such Indenture.

Very truly yours,

Kutak Rock LLP



Hardwick

Attorneys at Law

Celebrating

Years of Service

2405 Grand Boulevard, Suite 800 Kansas City, Missouri 64108 T: 816-221-9445

March 23, 2017

The Industrial Development Authority of the
City of Kansas City, Missouri
Kansas City, Missouri

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

City of Kansas City, Missouri
Kansas City, Missouri

RE: Defeasance of \$96,040,000 Outstanding The Industrial Development Authority of the City of Kansas City, Missouri Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District), Series 2005A (the "Refunded Series 2005A Bonds")

Ladies and Gentlemen:

This opinion is delivered to you pursuant to an Indenture of Trust dated as of March 1, 2005, as amended by the Amended and Restated Indenture of Trust dated as of June 1, 2007, and the Series Supplement dated June 6, 2007 (the "Indenture") by and between The Industrial Development Authority of the City of Kansas City, Missouri (the "Authority") and UMB Bank, N.A. as Trustee (the "Trustee"), in connection with the satisfaction, discharge and defeasance of the above-captioned Refunded Series 2005A Bonds in accordance with the provisions of the Indenture. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

Provision has been made for the payment of principal of and interest due or to become due on the Refunded Series 2005A Bonds at the times and in the manner specified in the Indenture and for the optional redemption of the Refunded Series 2005A Bonds on December 1, 2017 (the "Redemption Date") by the irrevocable deposit in trust with the Trustee, as escrow agent (the "Escrow Agent"), pursuant to the terms of the Escrow Trust Agreement (the "Escrow Agreement") dated as of March 1, 2017 between the City of Kansas City, Missouri (the "City") and the Escrow Agent, of escrowed securities (the "Escrowed Securities") and cash as described in the Independent Verification Report (the "Verification Report") of Robert Thomas CPA, LLC (the "Verification Agent") related to the Refunded Series 2005A Bonds.

We have examined the law and the Indenture, the Escrow Agreement, the Verification Report and such other documents and certified proceedings as we deem necessary to render this opinion. As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

March 23, 2017

Page 2

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. According to the mathematical verification by the Verification Agent of the arithmetical accuracy of certain mathematical calculations provided by FirstSouthwest, a division of Hilltop Securities, Inc. ("FirstSouthwest"), relating to the defeasance of the Refunded Series 2005A Bonds, the anticipated receipts from the Escrowed Securities, together with the initial cash deposit, held by the Escrow Agent under the Escrow Agreement, will be sufficient to pay the principal of and accrued interest on the Refunded Series 2005A Bonds through and including the Redemption Date. The Escrow Agreement gives irrevocable instructions to the Escrow Agent to pay the Refunded Series 2005A Bonds on the Redemption Date. The irrevocable instructions of the City have been given to the Escrow Agent.

2. The Escrow Agent's execution, delivery and performance of the Escrow Agreement is authorized or permitted by the Indenture, and the Escrow Agent's compliance with the City's instructions is permitted by the Indenture.

3. In reliance upon the mathematical verification by the Verification Agent of the arithmetical accuracy of certain mathematical calculations provided by FirstSouthwest that sufficient moneys and Escrowed Securities have been, or will be, purchased and will be irrevocably escrowed for payment of the Refunded Series 2005A Bonds, without undertaking to verify the same by independent investigation, and assuming compliance by the Escrow Agent with the terms of the Escrow Agreement, the lien on and pledge of the revenues pledged under the Indenture for payment of the principal and interest on the Refunded Series 2005A Bonds is fully discharged and satisfied pursuant to the terms of the Indenture and such Refunded Series 2005A Bonds are deemed to be paid and discharged and are no longer outstanding within the meaning of such Indenture.

Very truly yours,

Hardwick Law Firm, LLC

KUTAK ROCK LLP

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WASHINGTON, D.C.
WICHITA

March 23, 2017

The Industrial Development Authority of the City of Kansas City, Missouri
Kansas City, Missouri

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

City of Kansas City, Missouri
Kansas City, Missouri

RE: Defeasance of a portion of The Industrial Development Authority of the City of Kansas City, Missouri Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri - Uptown Theater and Midtown Redevelopment Projects), Series 2007A, in the principal amount of \$17,425,000 maturing on April 1 in the years 2018 through 2022 (the "Refunded Series 2007A Bonds")

Ladies and Gentlemen:

This opinion is delivered to you pursuant to a Trust Indenture dated as of March 1, 2007 by and between The Industrial Development Authority of the City of Kansas City, Missouri (the "Authority") and UMB Bank, N.A. as Trustee (the "Trustee") (the "Indenture"), in connection with the satisfaction, discharge and defeasance of the above-captioned Refunded Series 2007A Bonds in accordance with the provisions of the Indenture. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

Provision has been made for the payment of interest due on the Refunded Series 2007A Bonds at the time and in the manner specified in the Indenture and for the optional redemption of the Refunded Series 2007A Bonds on April 24, 2017 (the "Redemption Date") by the irrevocable deposit in trust with the Trustee, as escrow agent (the "Escrow Agent"), pursuant to the terms of the Escrow Trust Agreement (the "Escrow Agreement") dated as of March 1, 2017 between the City of Kansas City, Missouri (the "City") and the Escrow Agent, of escrowed securities (the "Escrowed Securities") and cash as described in the Independent Verification Report (the "Verification Report") of Robert Thomas CPA, LLC (the "Verification Agent") related to the Refunded Series 2007A Bonds.

We have examined the law and the Indenture, the Escrow Agreement, the Verification Report and such other documents and certified proceedings as we deem necessary to render this opinion. As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

KUTAK ROCK LLP

March 23, 2017

Page 2

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. According to the mathematical verification by the Verification Agent of the arithmetical accuracy of certain mathematical calculations provided by FirstSouthwest, a division of Hilltop Securities, Inc. ("FirstSouthwest"), relating to the defeasance of the Refunded Series 2007A Bonds, the anticipated receipts from the Escrowed Securities, together with the initial cash deposit, held by the Escrow Agent under the Escrow Agreement, will be sufficient to pay the principal of and accrued interest on the Refunded Series 2007A Bonds through and including the Redemption Date. The Escrow Agreement gives irrevocable instructions to the Escrow Agent to pay the Refunded Series 2007A Bonds on the Redemption Date. The irrevocable instructions of the City have been given to the Escrow Agent.

2. The Escrow Agent's execution, delivery and performance of the Escrow Agreement is authorized or permitted by the Indenture, and the Escrow Agent's compliance with the City's instructions is permitted by the Indenture.

3. In reliance upon the mathematical verification by the Verification Agent of the arithmetical accuracy of certain mathematical calculations provided by FirstSouthwest that sufficient moneys and Escrowed Securities have been, or will be, purchased and will be irrevocably escrowed for payment of the Refunded Series 2007A Bonds, without undertaking to verify the same by independent investigation, and assuming compliance by the Escrow Agent with the terms of the Escrow Agreement, the lien on and pledge of the revenues pledged under the Indenture for payment of the principal and interest on the Refunded Series 2007A Bonds is fully discharged and satisfied pursuant to the terms of the Indenture and such Refunded Series 2007A Bonds are deemed to be paid and discharged and are no longer outstanding within the meaning of such Indenture.

Very truly yours,

Kutak Rock LLP



Hardwick

Celebrating

Attorneys at Law

Years of Service

2405 Grand Boulevard, Suite 800 Kansas City, Missouri 64108 T: 816-221-9445

March 23, 2017

The Industrial Development Authority of the
City of Kansas City, Missouri
Kansas City, Missouri

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

City of Kansas City, Missouri
Kansas City, Missouri

RE: Defeasance of a portion of The Industrial Development Authority of the City of Kansas City, Missouri Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri - Uptown Theater and Midtown Redevelopment Projects), Series 2007A, in the principal amount of \$17,425,000 maturing on April 1 in the years 2018 through 2022 (the "Refunded Series 2007A Bonds")

Ladies and Gentlemen:

This opinion is delivered to you pursuant to a Trust Indenture dated as of March 1, 2007 by and between The Industrial Development Authority of the City of Kansas City, Missouri (the "Authority") and UMB Bank, N.A. as Trustee (the "Trustee") (the "Indenture"), in connection with the satisfaction, discharge and defeasance of the above-captioned Refunded Series 2007A Bonds in accordance with the provisions of the Indenture. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

Provision has been made for the payment of interest due on the Refunded Series 2007A Bonds at the time and in the manner specified in the Indenture and for the optional redemption of the Refunded Series 2007A Bonds on April 24, 2017 (the "Redemption Date") by the irrevocable deposit in trust with the Trustee, as escrow agent (the "Escrow Agent"), pursuant to the terms of the Escrow Trust Agreement (the "Escrow Agreement") dated as of March 1, 2017 between the City of Kansas City, Missouri (the "City") and the Escrow Agent, of escrowed securities (the "Escrowed Securities") and cash as described in the Independent Verification Report (the "Verification Report") of Robert Thomas CPA, LLC (the "Verification Agent") related to the Refunded Series 2007A Bonds.

We have examined the law and the Indenture, the Escrow Agreement, the Verification Report and such other documents and certified proceedings as we deem necessary to render this opinion. As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

March 23, 2017

Page 2

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. According to the mathematical verification by the Verification Agent of the arithmetical accuracy of certain mathematical calculations provided by FirstSouthwest, a division of Hilltop Securities, Inc. ("FirstSouthwest"), relating to the defeasance of the Refunded Series 2007A Bonds, the anticipated receipts from the Escrowed Securities, together with the initial cash deposit, held by the Escrow Agent under the Escrow Agreement, will be sufficient to pay the principal of and accrued interest on the Refunded Series 2007A Bonds through and including the Redemption Date. The Escrow Agreement gives irrevocable instructions to the Escrow Agent to pay the Refunded Series 2007A Bonds on the Redemption Date. The irrevocable instructions of the City have been given to the Escrow Agent.

2. The Escrow Agent's execution, delivery and performance of the Escrow Agreement is authorized or permitted by the Indenture, and the Escrow Agent's compliance with the City's instructions is permitted by the Indenture.

3. In reliance upon the mathematical verification by the Verification Agent of the arithmetical accuracy of certain mathematical calculations provided by FirstSouthwest that sufficient moneys and Escrowed Securities have been, or will be, purchased and will be irrevocably escrowed for payment of the Refunded Series 2007A Bonds, without undertaking to verify the same by independent investigation, and assuming compliance by the Escrow Agent with the terms of the Escrow Agreement, the lien on and pledge of the revenues pledged under the Indenture for payment of the principal and interest on the Refunded Series 2007A Bonds is fully discharged and satisfied pursuant to the terms of the Indenture and such Refunded Series 2007A Bonds are deemed to be paid and discharged and are no longer outstanding within the meaning of such Indenture.

Very truly yours,

Harwick Law Firm, LLC



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March 22, 2017

George Williford
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KCMAC Series 2004B-1 Trustee

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Dylan E. Kremer, 312-732-7453
Dylan.e.kremer@jpmorgan.com

Re: Closing instructions with respect to the \$31,610,000 City of Kansas City, Missouri, Taxable Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017A (the "Series 2017A Bonds")

The referenced transaction is expected to close on Thursday, March 23, 2017 (the "Closing Date") by 10:00 AM, CDT at the offices of Kutak Rock, LLP, Kansas, MO ("Bond Counsel").

A) On the Closing Date, J.P. Morgan, as representative for the underwriters (the "Underwriters") will wire transfer \$31,470,805.39 in immediately available funds in payment for the Series 2017A Bonds to UMB Bank, N.A. (the "Series 2017A Trustee"), using the below wiring instructions. The total amount to be transferred by the Underwriters in payment for the Series 2017A Bonds is comprised of the following:

Par Amount of the Series 2017A Bonds	\$	31,610,000.00
Less: Underwriters' Discount		(139,194.61)
Total Funds Due from Underwriters.....	\$	31,470,805.39

Instructions for wiring these funds to the Series 2017A Trustee are as follows:

UMB Bank, N.A., Kansas City, MO
ABA #: 101000695
Account Number: 9800006823
Account Name: Trust Clearance
Credit to: City of Kansas City, MO Series 2017A
Bank Contact: Lara Stevens, (816) 860-3017

Total Funds to be distributed.....\$31,470,805.39

- B) Upon the receipt of funds due from the Underwriter mentioned in line A above, the Series 2017A Trustee will:
- i. Deposit into the Series 2017A Costs of Issuance Account of the Costs of Issuance Fund, the total amount of \$177,531.06
 - ii. Deposit into the Series 2017A Projects Account of the Project Fund, the amount of..... \$7,000,000.00
 - iii. Deposit into the Series 2017A Linwood Project Account of the Project Fund, the amount of \$16,250,000.00
 - iv. Deposit into the Series 2017A Capitalized Interest Account of the 2017A Debt Service Fund, the amount of \$701,170.23
 - v. Wire transfer to the Trustee for the Kansas City Municipal Association Corporation Tax-Exempt Leasehold Improvement Revenue Bonds (H. Roe Bartle Convention Center and Infrastructure Project) Series 2004B-1 using the wire instructions below, the amount of \$7,342,104.10

Instructions for wiring these funds to the Trustee for the Series 2004B-1 are as follows:
Bank: Wells Fargo Bank NA
ABA #: 121000248
Account Number: 0001038377
Account Name: Corporate Trust Clearing
Credit to: City of Kansas City, MO Series 2004B-1 Reserve Account
Bank Contact: Jilliana Brazeau

Total Funds to be distributed \$31,470,805.39

Upon receipt of the aforementioned funds, the Series 2017A Trustee is instructed to contact Bond Counsel who will confirm authorization to close. Upon confirmation of the authorization to close, Bond Counsel will contact the Trustee and the Underwriters who will contact DTC to release the Series 2017A Bonds.

The cooperation of the addressees regarding the receipt, disbursement and application of funds in accordance with the above and foregoing instructions on behalf of the City is greatly appreciated and should additional instructions be required, please contact me at (214) 953-8705.

Sincerely,


George H. Williford



1201 Elm Street, Suite 3500
Dallas, Texas 75270

214.953.8705 Direct
800.678.3792 Toll Free
214.840.5081 Fax

March 22, 2017

George Williford
Managing Director

george.williford@hilltopsecurities.com

Issuer

Tammy Queen, 816-513-1175
Deputy Director of Finance
City of Kansas City
tammy.queen@kcmo.org

Doug Buehler, 816-513-1024
City Treasurer
Douglas.Buehler@kcmo.org

Dan Grandcolas, 816-513-1025
Public Finance Manager
Dan.Grandcolas@kcmo.org

Michael Buckman, 816-513-1031
Analyst
Michael.Buckman@kcmo.org

2014D Bond Purchaser

PNC Bank, N.A.
Jonathan Casiano, 312-338-2295
jonathan.casiano@pnc.com

Co-Bond Counsel

Kathy Peters, 816-502-4608
Kutak Rock LLP
kathryn.peters@kutakrock.com

Jean Matzeder, 816-221-9445
Hardwick Law Firm
jmatzeder@hardwicklaw.com

Underwriters' Counsel

David E. Reid, 816-391-7656
dereid@bryancave.com

Steve Sparks, 816-292-7882
sssparks@bryancave.com

2014D Paying Agent

The Commerce Trust Company
William E. Ekey, 816-234-2102
William.Ekey@CommerceBank.com

Shannon Floyd, 816-234-7187
Shannon.Floyd@Commercebank.com

Trustee

Lara L. Stevens, CCTS, T: 816-860-3017
UMB Bank
lara.stevens@umb.com

Liz Angotti, 816-860-3008
Liz.Angotti@UMB.com

Underwriter

Matthew Couch, 312-385-8484
J.P. Morgan
Matthew.d.couch@jpmorgan.com

Mridu Brahma, 302-634-8949
Mridu.brahma@jpmorgan.com

Dylan E. Kremer, 312-732-7453
Dylan.e.kremer@jpmorgan.com

Re: Closing instructions with respect to the \$19,185,000 City of Kansas City, Missouri, Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B (the "Series 2017B Bonds")

The referenced transaction is expected to close on Thursday, March 23, 2017 (the "Closing Date") by 10:00 AM, CDT at the offices of Kutak Rock, LLP, Kansas, MO ("Bond Counsel").

A) On the Closing Date, J.P. Morgan, as representative for the underwriters (the "Underwriters") will wire transfer \$20,466,190.22 in immediately available funds in payment for the Series 2017B Bonds to UMB Bank, N.A. (the "Series 2017B Trustee"), using the below wiring instructions. The total amount to be transferred by the Underwriters in payment for the Series 2017B Bonds is comprised of the following:

Par Amount of the Series 2017B Bonds	\$	19,185,000.00
Plus: Net Premium		1,342,278.30
Less: Underwriters' Discount		(61,088.08)
Total Funds Due from Underwriters	\$	20,466,190.22

Instructions for wiring these funds to the Series 2017B Trustee are as follows:

UMB Bank, N.A., Kansas City, MO
ABA #: 101000695
Account Number: 9800006823
Account Name: Trust Clearance
Credit to: City of Kansas City, MO Series 2017B
Bank Contact: Lara Stevens, (816) 860-3017

Total Funds to be distributed.....\$20,466,190.22

B) Upon the receipt of funds due from the Underwriter mentioned in line A above, the Series 2017B Trustee will:

- i. Deposit into the Series 2017B Costs of Issuance Account of the Costs of Issuance Fund, the total amount of..... \$144,550.39
- ii. Deposit into the Series 2017B Projects Account of the Project Fund, the amount of..... \$18,801,937.00
- iii. Deposit into the Refunding Fund and thereupon transferred to the Paying Agent for the Series 2014D Bonds to be applied to pay and redeem the Refunded Series 2014D Bonds, the amount of \$1,509,702.83

Instructions for wiring these funds to the Series 2014D Paying Agent are as follows:

Commerce Bank, Kansas City, MO
ABA #: 101000019
For Trust GL# 1991400781
FBO: Kansas City Spl Obli 2014D
Account Number: 66883
Bank Contact: Shannon Floyd, ext. 27187

- iv. Deposit into the Series 2017B Rebate Fund, the amount of..... \$10,000.00

Total Funds to be distributed \$20,466,190.22

Upon receipt of the aforementioned funds, the Series 2017B Trustee is instructed to contact Bond Counsel who will confirm authorization to close. Upon confirmation of the authorization to close, Bond Counsel will contact the Trustee and the Underwriters who will contact DTC to release the Series 2017B Bonds.

The cooperation of the addressees regarding the receipt, disbursement and application of funds in accordance with the above and foregoing instructions on behalf of the City is greatly appreciated and should additional instructions be required, please contact me at (214) 953-8705.

Sincerely,


George H. Williford



1201 Elm Street, Suite 3500
Dallas, Texas 75270

214.953.8705 Direct
800.678.3792 Toll Free
214.840.5081 Fax

March 22, 2017

George Williford
Managing Director

george.williford@hilltopsecurities.com

Issuer

Tammy Queen, 816-513-1175
Deputy Director of Finance
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tammy.queen@kcmo.org

Doug Buehler, 816-513-1024
City Treasurer
Douglas.Buehler@kcmo.org

Dan Grandcolas, 816-513-1025
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Michael Buckman, 816-513-1031
Analyst
Michael.Buckman@kcmo.org

Co-Bond Counsel

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Kutak Rock LLP
kathryn.peters@kutakrock.com

Jean Matzeder, 816-221-9445
Hardwick Law Firm
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Underwriters' Counsel

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Steve Sparks, 816-292-7882
sssparks@bryancave.com

Trustee

Lara L. Stevens, CCTS, T: 816-860-3017
UMB Bank
lara.stevens@umb.com

Liz Angotti, 816-860-3008
Liz.Angotti@UMB.com

Underwriter

Matthew Couch, 312-385-8484
J.P. Morgan
Matthew.d.couch@jpmorgan.com

Mridu Brahma, 302-634-8949
Mridu.brahma@jpmorgan.com

Dylan E. Kremer, 312-732-7453
Dylan.e.kremer@jpmorgan.com

Re: Closing instructions with respect to the \$89,410,000 City of Kansas City, Missouri, Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), Series 2017C (the "Series 2017C Bonds")

The referenced transaction is expected to close on Thursday, March 23, 2017 (the "Closing Date") by 10:00 AM, CDT at the offices of Kutak Rock, LLP, Kansas, MO ("Bond Counsel").

A) On the Closing Date, J.P. Morgan, as representative for the underwriters (the "Underwriters") will wire transfer \$100,334,433.70 in immediately available funds in payment for the Series 2017C Bonds to UMB Bank, N.A. (the "Series 2017C Trustee"), using the below wiring instructions. The total amount to be transferred by the Underwriters in payment for the Series 2017C Bonds is comprised of the following:

Par Amount of the Series 2017C Bonds	\$ 89,410,000.00
Plus: Net Premium	11,240,258.05
Less: Underwriters' Discount	(315,824.35)
Total Funds Due from Underwriters.....	\$ 100,334,433.70

Instructions for wiring these funds to the Series 2017C Trustee are as follows:

UMB Bank, N.A., Kansas City, MO
ABA #: 101000695
Account Number: 9800006823
Account Name: Trust Clearance
Credit to: City of Kansas City, MO Series 2017C
Bank Contact: Lara Stevens, (816) 860-3017

Total Funds to be distributed.....\$100,334,433.70

B) Upon the receipt of funds due from the Underwriter mentioned in line A above, the Series 2017C Trustee will:

- i. Deposit into the Series 2017C Costs of Issuance Account of the Costs of Issuance Fund, the total amount of..... \$301,752.13
- ii. Deposit into the Series 2017C Refunding Fund, the amount of..... \$100,022,681.57
 - a. Credit to the Series 2017C Refunding Account, to be transferred to the Series 2005A Escrow Agent, a cash deposit of \$100,022,681.00 in bond proceeds, plus starting cash of \$0.57 for the purchase of certain U.S. State and Local Government Series (SLGS) to pay for the debt service requirements with respect to the Refunded Series 2005A Bonds through and including the December 1, 2017 redemption date , the total amount of \$100,022,681.57.
- iii. Deposit into the Series 2017C Rebate Fund, the amount of..... \$10,000.00

Total Funds to be distributed**\$100,334,433.70**

Upon receipt of the aforementioned funds, the Series 2017C Trustee is instructed to contact Bond Counsel who will confirm authorization to close. Upon confirmation of the authorization to close, Bond Counsel will contact the Trustee and the Underwriters who will contact DTC to release the Series 2017C Bonds.

The cooperation of the addressees regarding the receipt, disbursement and application of funds in accordance with the above and foregoing instructions on behalf of the City is greatly appreciated and should additional instructions be required, please contact me at (214) 953-8705.

Sincerely,


George H. Williford



1201 Elm Street, Suite 3500
Dallas, Texas 75270

214.953.8705 Direct
800.678.3792 Toll Free
214.840.5081 Fax

March 22, 2017

George Williford
Managing Director

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Issuer

Tammy Queen, 816-513-1175
Deputy Director of Finance
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tammy.queen@kcmo.org

Doug Buehler, 816-513-1024
City Treasurer
Douglas.Buehler@kcmo.org

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Underwriters' Counsel

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Steve Sparks, 816-292-7882
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Trustee

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UMB Bank
lara.stevens@umb.com

Liz Angotti, 816-860-3008
Liz.Angotti@UMB.com

Underwriter

Matthew Couch, 312-385-8484
J.P. Morgan
Matthew.d.couch@jpmorgan.com

Mridu Brahma, 302-634-8949
Mridu.brahma@jpmorgan.com

Dylan E. Kremer, 312-732-7453
Dylan.e.kremer@jpmorgan.com

Re: Closing instructions with respect to the \$16,185,000 City of Kansas City, Missouri, Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D (the "Series 2017D Bonds")

The referenced transaction is expected to close on Thursday, March 23, 2017 (the "Closing Date") by 10:00 AM, CDT at the offices of Kutak Rock, LLP, Kansas, MO ("Bond Counsel").

A) On the Closing Date, J.P. Morgan, as representative for the underwriters (the "Underwriters") will wire transfer \$17,622,158.94 in immediately available funds in payment for the Series 2017D Bonds to UMB Bank, N.A. (the "Series 2017D Trustee"), using the below wiring instructions. The total amount to be transferred by the Underwriters in payment for the Series 2017D Bonds is comprised of the following:

Par Amount of the Series 2017D Bonds	\$ 16,185,000.00
Plus: Net Premium	1,477,563.70
Less: Underwriters' Discount	(40,404.76)
Total Funds Due from Underwriters.....	\$ 17,622,158.94
Plus contribution to the refunding from the Debt Service Fund	418,825.00
Total Funds to be Distributed	\$ 18,040,983.94

Instructions for wiring these funds to the Series 2017D Trustee are as follows:

UMB Bank, N.A., Kansas City, MO
ABA #: 101000695
Account Number: 9800006823
Account Name: Trust Clearance
Credit to: City of Kansas City, MO Series 2017D
Bank Contact: Lara Stevens, (816) 860-3017

Total Funds to be distributed.....\$18,040,983.94

B) Upon the receipt of funds due from the Underwriter mentioned in line A above, the Series 2017D Trustee will:

- i. Deposit into the Series 2017D Costs of Issuance Account of the Costs of Issuance Fund, the total amount of..... \$133,642.41
- ii. Deposit into the Series 2017D Refunding Fund, the amount of..... \$17,897,341.53
- iii. Deposit into the Series 2017D Rebate Fund, the amount of..... \$10,000.00

Total Funds to be distributed \$18,040,983.94

Upon receipt of the aforementioned funds, the Series 2017D Trustee is instructed to contact Bond Counsel who will confirm authorization to close. Upon confirmation of the authorization to close, Bond Counsel will contact the Trustee and the Underwriters who will contact DTC to release the Series 2017D Bonds.

The cooperation of the addressees regarding the receipt, disbursement and application of funds in accordance with the above and foregoing instructions on behalf of the City is greatly appreciated and should additional instructions be required, please contact me at (214) 953-8705.

Sincerely,


George H. Williford

S&P Global Ratings

130 East Randolph Street
Suite 2900
Chicago, IL 60601
tel 312-233-7000
reference no..826775

February 16, 2017

City of Kansas City
City Hall
414 East 12th Street
Kansas City, MO 64106
Attention: Mr. Randall J. Landes, Finance Director

Re: ***US\$31,940,000 City of Kansas City, Missouri, Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017A, dated: Date of delivery, due: October 01, 2039***

US\$16,520,000 City of Kansas City, Missouri, Special Obligation Refunding Bonds (Midtown Redevelopment Project), Series 2017D, dated: Date of delivery, due: April 01, 2024

US\$90,000,000 City of Kansas City, Missouri, Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District), Series 2017C, dated: Date of delivery, due: September 01, 2033

US\$15,185,000 City of Kansas City, Missouri, Taxable Special Obligation Bonds (Kansas City, Missouri Projects), Series 2017B, dated: Date of delivery, due: October 01, 2036

Dear Mr. Landes:

Pursuant to your request for an S&P Global Ratings rating on the above-referenced obligations, S&P Global Ratings has assigned a rating of "AA-". S&P Global Ratings views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes S&P Global Ratings' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we have released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

To maintain the rating, S&P Global Ratings must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or

other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that S&P Global Ratings relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@spglobal.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:

S&P Global Ratings
Public Finance Department
55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

S&P Global Ratings is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing S&P Global Ratings.

Sincerely yours,

S&P Global Ratings
a division of Standard & Poor's Financial Services LLC

mc

enclosures

cc: Mr. George H. Williford
Ms. Misty Gutierrez

S&P Global Ratings

S&P Global Ratings Terms and Conditions Applicable To Public Finance Credit Ratings

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RatingsDirect®

Summary:

Kansas City, Missouri; Appropriations; General Obligation

Primary Credit Analyst:

Eric J Harper, Chicago (1) 312-233-7094; eric.harper@spglobal.com

Secondary Contact:

John A Kenward, Chicago (1) 312-233-7003; john.kenward@spglobal.com

Table Of Contents

Rationale

Outlook

Related Research

Summary:

Kansas City, Missouri; Appropriations; General Obligation

Credit Profile

US\$90.0 mil special obligation rfdg bnds (Kansas City Downtown Redevelopment District) ser 2017C due 09/01/2033

Long Term Rating AA-/Stable New

US\$31.94 mil special obligation bnds (Kansas City, Missouri Projects) ser 2017A due 10/01/2039

Long Term Rating AA-/Stable New

US\$16.52 mil special obligation rfdg bnds (Midtown Redevelopment Project) ser 2017D due 04/01/2024

Long Term Rating AA-/Stable New

US\$15.185 mil taxable special obligation bnds (Kansas City, Missouri Projects) ser 2017B due 10/01/2036

Long Term Rating AA-/Stable New

Rationale

S&P Global Ratings assigned its 'AA-' long-term rating to Kansas City, Mo.'s series 2017A through 2017D special obligation bonds. At the same time, we affirmed our 'AA' rating on the city's existing general obligation (GO) debt and our 'AA-' rating on its existing appropriation-backed debt. The outlook on all ratings is stable.

The bonds are special obligations of the city, secured by annually appropriated legally available funds. The rating on the special obligation bonds is one notch below the city's 'AA' GO bond rating because of annual appropriation risk. The city will use proceeds from the 2017A bonds to finance various capital improvement projects and to fund a debt service reserve for its 2004B-1 bonds. The 2017B bonds will be used for various capital improvements and IT projects and to refund its 2014D bonds. The 2017C and D bonds will be used to refund its 2005A and 2007A bonds, respectively.

The 'AA' rating reflects our view of the city's:

- Adequate economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Very strong management, with "strong" financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Adequate budgetary performance, with an operating surplus in the general fund but an operating deficit at the total governmental fund level in fiscal 2016;
- Strong budgetary flexibility, with an available fund balance in fiscal 2016 of 11.0% of operating expenditures;
- Very strong liquidity, with total government available cash at 50.0% of total governmental fund expenditures and 4.0x governmental debt service, and access to external liquidity we consider exceptional;
- Weak debt and contingent liability position, with debt service carrying charges at 12.7% of expenditures and net direct debt that is 164.6% of total governmental fund revenue; and
- Adequate institutional framework score.

Adequate economy

We consider Kansas City's economy adequate. The city, with an estimated population of 477,146, is in Cass, Clay, Jackson, and Platte counties in the Kansas City MSA, which we consider to be broad and diverse. The city has a projected per capita effective buying income of 92.4% of the national level and per capita market value of \$63,457. Overall, market value grew by 4.5% over the past year to \$30.3 billion in 2016.

Kansas City anchors the broad and diverse Kansas City MSA, which is the economic center of a 14-county region in western Missouri and eastern Kansas, home to 2.1 million and host to more than 1 million jobs. This benefits the city in that it collects earnings taxes from those living outside, but working within, city limits. The unemployment rate in Jackson County in 2016 at 5.1% was slightly elevated relative to the state (4.6%) and nation (4.7%). The population grew by 4.1% during the 2000s to 459,787 in 2010, making it the state's largest city. While new residential and commercial building activity continues, particularly north of the Missouri River, the effects of the recent recession on property values have contributed to tax base stagnation. Assessed value has remained mostly flat since 2010, but it increased in 2016 by 4.6%. The tax base includes a substantial amount of undeveloped land north of the Missouri River, and we understand that water and sewer infrastructure improvements have begun to lay the framework for development. We view this open space as a positive credit factor, given the potential for significant expansion of the city's revenue base.

Recent economic developments in Kansas City include the opening of its downtown streetcar system in May 2016; substantial investments by General Motors and Ford at their existing facilities in the city; and other development projects related to firms in the manufacturing, distribution, health care, and other sectors. After a sharper increase in 2015, residential building permits increased 2% in 2016.

Very strong management

We view the city's management as very strong, with "strong" financial policies and practices under our FMA methodology, indicating financial practices are strong, well embedded, and likely sustainable.

Highlights include monthly reporting on financial and investment performance to the city council, an annually updated five-year capital improvement plan, and formalized policies for debt and investment management. Voters recently approved an addition to the city charter that requires management to annually update a five-year financial plan, which is very detailed and incorporated into the city's annual budget. Management develops the budget using two-to-five years of historical analysis and outside data sources. Its reserve policy requires the emergency reserve fund, which is part of the committed general fund balance, to carry at least one month of expenditures, a policy the city has historically followed.

Adequate budgetary performance

Kansas City's budgetary performance is adequate, in our opinion. The city had surplus operating results in the general fund of 2.4% of expenditures, but a deficit result across all governmental funds of negative 8.2% in fiscal 2016.

General fund operating performance in 2016 resulted in a \$13.3 million surplus (2.6%). In 2017, mild weather conditions have reduced utility tax revenues by about \$6.7 million and higher-than-anticipated fire department wages/overtime and legal claims have also added expenditure pressures on the general fund. However, management expects to close the budget gap by continuing its hiring freeze and reducing contract costs. In 2018, management

expects a slight general fund surplus of about \$6.3 million. Total governmental fund performance has been somewhat negative in recent years, but overall, we anticipate budgetary performance remaining adequate.

Kansas City relies on a diverse revenue profile, yet uncertainty clouds its earnings and profit tax, the leading source of general fund revenues at 41%. Voters approved a renewal of the 1% earnings and profit tax in 2016, and current law requires the electorate to renew the tax every five years. While the law provides for a phasing out of the tax (if voters do not pass it), a failed renewal would present significant budget challenges, in our opinion. Other leading sources of general fund revenues include licenses, permits, and franchises (22%), property taxes (11%), and charges for services (11%).

Strong budgetary flexibility

Kansas City's budgetary flexibility is strong, in our view, with an available fund balance in fiscal 2016 of 11.0% of operating expenditures, or \$61.9 million.

The available general fund balance for fiscal 2016 includes \$19.5 million in the assigned balance, as well as \$42.4 million held in the committed balance for emergency reserves. The city has very limited ability to raise revenues without voter support, but we believe there is enough budget flexibility and capacity to reduce expenditures, if needed, to maintain reserves above one month's expenditures. We anticipate budgetary flexibility will remain adequate or better given the city's multiyear plan to build reserves to two months of expenditures and balanced-to-surplus operating projections over the next two years.

Very strong liquidity

In our opinion, Kansas City's liquidity is very strong, with total government available cash at 50.0% of total governmental fund expenditures and 4.0x governmental debt service in 2016. In our view, the city has exceptional access to external liquidity if necessary.

In our opinion, the city has exceptional access to external liquidity because it has issued various types of debt (including GO and special obligation bonds) within the last 20 years. We believe that its access to external liquidity, as well as its existing letters of credit (LOCs), mitigates the minor exposure to refinancing risk associated with the city's outstanding variable-rate debt and related swaps. We also believe that the city's two special obligation bonds sold via direct purchase, with \$25 million outstanding, do not pose a risk to liquidity, since they do not contain any nonstandard contingent liquidity risks. We therefore expect liquidity to remain very strong.

Weak debt and contingent liability profile

In our view, Kansas City's debt and contingent liability profile is weak. Total governmental fund debt service is 12.7% of total governmental fund expenditures, and net direct debt is 164.6% of total governmental fund revenue.

Our debt calculation excludes net utility revenue-backed obligations. In 2017, the city will be seeking voter approval for \$800 million in GO bond authorization, which if approved, would be issued at approximately \$40 million annually over a 20-year period. In addition to its multiyear GO debt program, the city has future debt plans for a convention center hotel (\$35 million), phase two of its 18th & Vine project (\$20 million), and various other projects (\$14 million).

The city currently has \$127 million of variable-rate special obligation debt backed by LOCs, of which \$25 million is unhedged. There are two swaps outstanding with Citibank N.A. in connection with outstanding series 2008E and F

special obligation refunding bonds. As of Dec. 23, 2016, the swaps had a combined negative market value of \$25 million, and termination dates of 2025 and 2034. The city has well-defined swap and debt policies, and no history of failed remarketings.

Kansas City's combined required pension and actual other postemployment benefit (OPEB) contributions totaled 7.3% of total governmental fund expenditures in 2016. Of that amount, 6.7% represented required contributions to pension obligations, and 0.6% represented OPEB payments. The city made 100% of its annual required pension contribution in 2016.

The city implemented pension reform during fiscal 2014, requiring 100% of all actuarially required contributions to be made, increased employee contributions, and a lower level of benefits for new hires. The city currently contributes to four pension plans, two of which (the employees' retirement and the firefighters' pension systems) the city administers and two of which (the police retirement and the civilian employees' retirement systems) the state administers. Contributions to the four plans met or exceeded the required contributions in fiscal 2016, with total contributions of \$76.5 million. The net pension liability for its largest plan, the Employees' Retirement System, was \$1.2 billion in 2016 with a funded ratio of 91%. The funded ratios for its other pension plans range from 71% to 80%.

The city provides OPEBs, which it funds on a pay-as-you-go basis. Its liabilities primarily relate to the implicit rate subsidy. As of the last valuation date in 2014, its unfunded actuarial accrued liability was \$144 million.

Adequate institutional framework

The institutional framework score for Missouri municipalities is adequate.

Outlook

The stable outlook reflects our view of the city's very strong management and adequate economy. Kansas City has historically shown strong managerial capacity to consistently maintain reserves at its reserve policy level, along with balanced or positive general fund operations. Based on recent performance and management's projections, we expect this trend to continue. The depth and underlying strength of the economy, which benefits from the MSA, provides a foundation for revenue stability and growth. For these reasons, we do not expect a rating change within the two-year outlook.

Upside scenario

We could raise the rating if the economy improved to a level commensurate with higher rated peers, along with maintenance of at least balanced operations and an increase in available reserves to a level we consider very strong.

Downside scenario

We could lower the rating if the city did not maintain at least adequate budgetary performance, over a sustained period, and strong budgetary flexibility.

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Alternative Financing: Disclosure Is Critical To Credit Analysis In Public Finance, Feb. 18, 2014
- Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria, Sept. 2, 2015

Ratings Detail (As Of February 17, 2017)

Kansas City approp		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Kansas City approp		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Kansas City spl oblig bnds		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Kansas City spl oblig bnds (Downtown Streetcar Proj)		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Kansas City spl oblig bnds (Kansas City Downtown Redev Dist)		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Kansas City spl oblig bnds (Kansas City, Missouri Projects)		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Kansas City spl oblig bnds (Missouri Projects)		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Kansas City spl oblig imp and rfdg bnds (Downtown Arena Proj)		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Kansas City spl oblig rfdg bnds		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Kansas City spl oblig rfdg bnds (East Vill Proj)		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Kansas City spl oblig rfdg & imp bnds (Kansas City, Missouri Projs)		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Kansas City taxable spl oblig bnds		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Kansas City taxable spl oblig imp bnds (Kansas City, Missouri Projs)		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Kansas City GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed
Kansas City GO (AGM)		
<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Kansas City spl oblig		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed

Kansas City GO

Ratings Detail (As Of February 17, 2017) (cont.)

<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
Kansas City (East Vill Proj) spl oblig		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Kansas City Indl Dev Auth, Missouri		
Kansas City, Missouri		
Kansas City Indl Dev Auth (Kansas City) (Downtown Redev Dist)		
<i>Long Term Rating</i>	AA-/Stable	Affirmed
Kansas City Indl Dev Auth (Kansas City) infrastructure facs (Uptown Theater & Midtown Redev Projs) ser 2007A		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Kansas City Indl Dev Auth (Kansas City) var rate dem tax ex rev bnds (Kansas City) ser 2005 A dtd 03/30/2005 due 12/01/2032		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Kansas City Land Clear Redev Auth, Missouri		
Kansas City, Missouri		
Kansas City Land Clear Redev Auth (Kansas City) (XLCA)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Kansas City Mun Assist Corp, Missouri		
Kansas City, Missouri		
Kansas City Mun Assist Corp (Kansas City) approp (wrap of insured) (FGIC) (National) (ASSURED GTY) (SEC MKT)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Kansas City Mun Assist Corp (Kansas City) (H.Roe Bartle Conv Ctr & Infrastructure Proj) approp (wrap of insured) (AMBAC & ASSURED GTY) (SEC MKT)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Kansas City Mun Assist Corp (H.Roe Bartle Conv Ctr & Infrastructure Proj) lsehold		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Kansas City Mun Assist Corp (Kansas City) lsehold ser 2006A		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed
Kansas City Planned Indl Expansion Auth, Missouri		
Kansas City, Missouri		
Kansas City Planned Indl Expansion Auth (Kansas City) (300 Wyandotte Pkg Garage Proj)		
<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box

located in the left column.

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MOODY'S

INVESTORS SERVICE

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Suite 2165
Dallas, TX 75201
www.moodys.com

February 17, 2017

Mr. Randall Landes
Kansas City (City Of) Mo
City Hall, 414 East 12th Street
Kansas City, MO 64106

Dear Mr. Landes :

We wish to inform you that on February 15, 2017, Moody's Investors Service reviewed and assigned a rating of

- Negative to Kansas City (City Of) MO
- A1 to Kansas City (City Of) MO, Taxable Special Obligation Bonds, Series 2017A
- A1 to Kansas City (City Of) MO, Special Obligation Bonds, Series 2017B
- A1 to Kansas City (City Of) MO, Special Obligation Refunding Bonds, Series 2017C
- A1 to Kansas City (City Of) MO, Special Obligation Refunding Bonds, Series 2017D

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This letter uses capitalized terms and rating symbols that are defined or referenced either in *Moody's Definitions and Symbols Guide* or *MIS Code of Professional Conduct* as of the date of this letter, both published on www.moodys.com. The Credit Ratings will be publicly disseminated by Moody's through normal print and electronic media as well as in response to verbal requests to Moody's Rating Desk. Moody's related research and analyses will also be published on www.moodys.com and may be further distributed as otherwise agreed in writing with us.

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February 17, 2017

Mr. Randall Landes
Kansas City (City Of) Mo
City Hall, 414 East 12th Street
Kansas City, MO 64106

information received in the rating process. Moody's expects and is relying upon you possessing all legal rights and required consents to disclose the information to Moody's, and that such information is not subject to any restrictions that would prevent use by Moody's for its ratings process. In assigning the Credit Ratings, Moody's has relied upon the truth, accuracy, and completeness of the information supplied by you or on your behalf to Moody's. Moody's expects that you will, and is relying upon you to, on an ongoing basis, promptly provide Moody's with all information necessary in order for Moody's to accurately and timely monitor the Credit Ratings, including current financial and statistical information.

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If there is a conflict between the terms of this rating letter and any related Moody's rating application, the terms of the executed rating application will govern and supercede this rating letter.

Should you have any questions regarding the above, please do not hesitate to contact Kenneth Surgenor at 214-979-6848.

Sincerely,

Moody's Investors Service Inc

Moody's Investors Service Inc

cc: Misty Gutierrez
Hilltop Securities Inc
1201 Elm Street Suite 3500
Dallas, TX 75270

CREDIT OPINION

15 February 2017

New Issue

Rate this Research >>

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Kansas City (City of), MO

New Issue: Moody's Revises Kansas City's (MO) Outlook to Negative; Aa2 GO Rating Affirmed

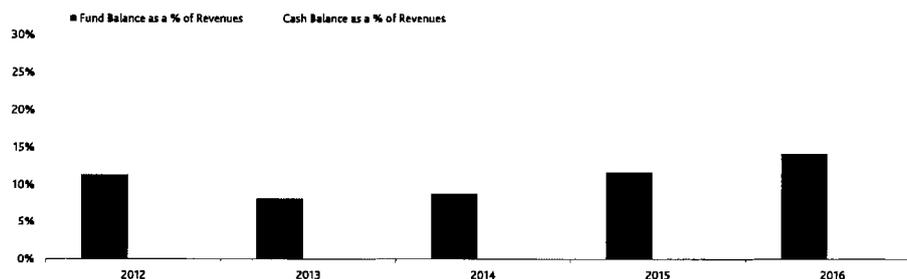
Summary Rating Rationale

Moody's Investors Service has affirmed the City of Kansas City's (MO) General Obligation and Special Obligation appropriation backed ratings at Aa2 and A1, respectively. Concurrently, we have assigned an A1 rating to the Special Obligation Bonds, Series 2017 A to D. The bond sales include \$31.9 million Taxable Series 2017A, \$15.2 million Series 2017B, \$90 million Refunding Series 2017C and \$16.5 million Refunding Series 2017D. The outlook is revised to negative.

Affirmation of the Aa2 General Obligation rating reflects the city's high debt profile and future issuance plans coupled with a significantly elevated pension liability. The rating further considers strength in the city's large and stable tax base, average socioeconomic profile, and stable financial performance supported by diverse, though economically sensitive, revenue streams, prudent fiscal management practices, and adequate reserve levels, as well as liquidity available outside the General Fund.

The A1 rating on the city's Special Obligation Bonds and appropriation-backed debt reflects the city's fundamental credit quality, the risk of non-appropriation, the lack of pledged assets securing the debt, and the less essential nature of the projects financed.

Exhibit 1

Strong Financial Performance in Fiscal Years 2015 and 2016 Stabilize Reserve Position


Note: Operating Funds inclusive of General, Debt Service, and Special Revenue Funds
 Source: Moody's Investors Service; Kansas City audited financial statements

Credit Strengths

- » Large and stable tax base that serves as regional economic center
- » Stable financial performance that is supported by strong fiscal management and available liquidity outside of the General Fund

Credit Challenges

- » High debt burden with extensive plans for additional issuance
- » Significantly elevated pension liability
- » Significant infrastructure needs including bridges, streets, flood control, water, and sewer
- » Adequate, but below average General Fund reserves

Rating Outlook

The negative outlook reflects the growth of the city's pension obligation and, when coupled with the elevated debt burden, the increase of fixed costs outpacing revenue growth. Continued leveraging of the tax base or unabated expansion of the pension obligation will place downward pressure on the rating.

Factors that Could Lead to an Upgrade or Removal of Negative Outlook

- » Significant mitigation of the city's debt and pension burdens
- » Sustained trend of surplus operations that lead to growth in the city's fiscal reserve levels

Factors that Could Lead to a Downgrade

- » Further leveraging of the city's tax base absent corresponding revenue increases
- » Continued growth of the city's unfunded pension liabilities
- » Weak financial performance leading to a decline in reserves

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

Key Indicators

Exhibit 3

Kansas City (City of) MO	2012	2013	2014	2015	2016
Economy/Tax Base					
Total Full Value (\$000)	\$ 28,923,054	\$ 28,814,637	\$ 28,680,718	\$ 28,971,795	\$ 30,278,212
Full Value Per Capita	\$ 62,907	\$ 62,318	\$ 61,678	\$ 61,907	\$ 63,693
Median Family Income (% of US Median)	88.7%	88.9%	90.4%	90.6%	90.6%
Finances					
Operating Revenue (\$000)	\$ 862,482	\$ 896,571	\$ 909,156	\$ 955,411	\$ 970,603
Fund Balance as a % of Revenues	11.4%	8.2%	8.8%	11.7%	14.2%
Cash Balance as a % of Revenues	25.1%	21.1%	20.0%	23.4%	22.7%
Debt/Pensions					
Net Direct Debt (\$000)	\$ 1,630,589	\$ 1,552,094	\$ 1,713,025	\$ 1,660,413	\$ 1,701,577
Net Direct Debt / Operating Revenues (x)	1.9x	1.7x	1.9x	1.7x	1.8x
Net Direct Debt / Full Value (%)	5.6%	5.4%	6.0%	5.7%	5.6%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	N/A	1.4x	1.7x	1.8x	1.9x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	N/A	4.5%	5.4%	5.9%	6.0%

Source: Moody's Investors Service; Kansas City's audited financial statements

Detailed Rating Considerations

Economy and Tax Base: Large, Stable Tax Base Serves as Regional Economic Center

Kansas City's large tax base will remain stable over the near-term given its stature as the region's economic center and ongoing commercial and residential development. Following three consecutive years of very modest contraction (fiscal years 2012-2014), the tax base expanded 1.0% in fiscal 2015 and 4.5% in fiscal 2016 to an estimated market value of \$30.3 billion. Over the past several years, a number of sizable multi-year investments were announced from companies such as [General Motors Company](#) (Baa3 stable), [Ford Motor Company](#) (Baa2 stable), Burns and McDonnell, and Cerner Corporation that will continue to drive development activity in the city. The area is also home to several large hospitals as well as federal, state, county, and local governments also making up a significant employment base for the area providing stable institutional presence.

Resident wealth levels, while slightly below average, are stable, and will continue to benefit from a below average cost of living. Median family income equaled 90.4% of the US average according to American Community Survey data. Favorably, the median home value in Kansas City during the same period was only 76% of the US average. Additionally, ongoing development and expansion efforts at a number of the area's largest employers continue to positively effect on the city's unemployment rate which equaled 4.3% in December 2016, on par with state (4.0%) and national (4.5%) levels.

Financial Operations and Reserves: Improved Reserves Remain Adequate, But Below Average

The city's financial operations will remain stable over the near-term given historical performance and prudent financial management practices. The city's General Fund enjoyed sizable surplus operations of \$14.1 million and \$13.3 million in fiscal years 2015 and 2016, respectively. The fiscal 2016 surplus pushed the city's General Fund reserves to \$65.5 million, equal to 11.3% of revenues. The city's General Fund reserve position, while adequate, remains below average for the rating category. Favorably, the city maintains additional liquidity in its capital fund that could be used for operational purposes by a two-thirds vote of Council. The Capital Improvement Fund held a reserve balance of \$81.8 million at the conclusion of fiscal 2016. The use of such funds would require repayment within a designated time frame and with a reasonable interest rate under terms set by the Council, but provides a measure of available additional liquidity if needed.

The city's revenues are relatively diverse, consisting primarily of economically sensitive revenues such as earnings/payroll taxes, sales and use taxes, property taxes and franchise fees/utility taxes. These revenues comprise approximately 82% of the city's general revenues. The city's payroll tax, the General Fund's largest revenue stream (38.2% of total General Fund revenues) grew to \$221 million in 2016, a 3.1% increase from fiscal 2015. Likewise, the city's sales tax collections across all governmental funds were up \$9.6 million or

4.6% year-over-year. Officials report continued strong voter support of the various taxes that require renewals as the city's earnings tax was renewed for a five year term with support from 77% of voters in April 2016.

Exhibit 4
Voter Approved Sales Taxes

Name of Tax	Amount of Tax	Expiration Date
Capital Improvements Sales Tax	1.00%	December 2018
Earnings Tax	1% of earnings or net profits	April 2021
KCATA Sales Tax	0.375%	March 2024
Public Safety Sales Tax	0.25%	June 2026
Fire Department Sales Tax	0.25%	December 2036
Parks and Recreation Sales Tax	0.50%	Permanent
Public Mass Transit Sales Tax	0.50%	Permanent
Hotel/Motel Tax	7.50%	Permanent
Restaurant Tax	2.00%	Permanent

Source: City of Kansas City, MO

City officials report relatively stable financial performance in fiscal 2017. Preliminary second quarter analysis reflects a projected General Fund deficit of \$6.1 million, which is mainly due to a \$6.7 million revenue shortfall in utility taxes resulting from a mild summer and winter. The city's goal is to close the gap by year's end via a hiring freeze and will closely monitor any new or unnecessary encumbrances, which is expected to aid the fiscal year performance. Positive revenue variances are also expected to help close the gap. The city's future financial management is aided by the Citywide Business Plan which was adopted by Council in October 2016. Future credit reviews will focus on overall financial performance of the city. Inability to establish a growth trend in cash reserve levels that are commensurate with annual budget growth and in line with similarly rated peers will have a negative impact on the rating.

LIQUIDITY

Unrestricted cash and cash equivalents in the General Fund totaled \$73.4 million at fiscal year-end 2016, representing 12.7% of General Fund revenues after transfers. On an operating basis (General, Debt Service, and Special Revenue Funds), the city closed the year with \$220.6 million in unrestricted cash and investments, representing 22.7% of operating revenues. Despite the projected General Fund shortfall from second quarter preliminary data, we do not anticipate any significant use or drawdown of liquidity in the near-term.

Debt and Pensions: Large Debt and Pension Burdens a Drag on City's Rating

The city's debt profile is high and is expected to remain elevated in the near-term given plans for additional borrowing and below average principal amortization. Inclusive of the current sale, the direct debt burden is an elevated 5.7% of full value. The city's direct debt burden includes component unit tax increment financing debt that is supported by tax increment revenues. The majority of the city's debt profile is appropriation debt. Several special taxes, including a dedicated public safety sales tax, the health fund property tax levy, PILOT payments, as well as special assessment revenues support various debt service obligations.

In January 2017, City Council approved an \$800 million General Obligation Bond Program that will be placed before voters on April 4, 2017; voter support of 57.1% is required to approve the program. The program calls for the issuance of \$40 million annually over the next 20 years to maintain and renovate existing infrastructure and does not provide for any new projects. Officials expect modest ad valorem tax increases throughout the life of the program to support the debt. We note that anticipated tax base growth coupled with an increase in the ad valorem levy could significantly mitigate the issuance of the GO bonds. However, additional leveraging of the tax base absent corresponding tax base or revenue growth will generate downward pressure on the rating. Management's ability to layer in debt and maintain reserves will be monitored in future reviews.

DEBT STRUCTURE

The city's debt matures over the long-term with roughly 59.3% of General Obligation and Special Obligation annual appropriation debt scheduled for retirement over the next ten years, which is below average for similarly rated cities nationwide.

DEBT-RELATED DERIVATIVES

Variable rate debt comprises a modest 7.4% of the city's outstanding debt. The city's variable rate debt portfolio is currently enhanced by direct pay LOCs provided by JPMorgan Chase Bank, N.A. (Aa2 stable), Sumitomo Mitsui Banking Corporation (A1 stable), and US

Bank National Association (Aa1 stable). The city is also a party to two floating-to-fixed interest rate swap agreements that hedge the city's Series 2008E and 2008F variable rate bonds. The swaps have a combined negative mark-to-market valuation of approximately \$24.8 million (as of December 23, 2016), payable to the counterparties upon termination. Citibank, N.A. (A1 stable), is the swap provider for both outstanding swaps. The city has the option to terminate and the counterparty may terminate the swaps upon downgrade of the city's annual appropriation backed debt rating below Baa2 (or equivalent rating) from Moody's or S&P. Favorably, the Citibank swaps have one-way collateral posting requirements for the counterparty only. The city has no plans for issuance of additional variable rate debt.

PENSIONS AND OPEB

Unfunded pension liabilities represent a significant portion of the city's balance sheet leverage and will likely continue growing unless the city increases its contribution levels, posing a potential long-term budget challenge. Based on 2016 results for its four pension plans, we expect the city's reported net pension liability to reach roughly \$812 million on its own fiscal 2017 balance sheet, compared to roughly \$537 million in fiscal 2015. We project the city's Moody's adjusted net pension liability (ANPL) will reach roughly \$2.3 billion on its fiscal 2017 balance sheet, up from \$1.7 billion in fiscal 2015.

Under pension reforms initiated in fiscal 2014, the city began contributing its actuarially determined pension contributions (ADC) in fiscal 2015 and 2016. However, the city's contributions remain below our "tread water" indicator, meaning that even if plan assumptions are exactly met, contributions are currently not sufficient to prevent reported net pension liabilities from growing. The city contributed roughly \$68 million toward its four pension plans in fiscal year 2016, approximately 7% of its operating revenues. In comparison, fiscal 2016 contributions would have had to amount to \$76 million in order to "tread water."

In addition to its contribution levels, the substantial growth in the city's net pension liabilities is largely attributable to slightly negative investment returns in 2016, compared to the 7.5% annual returns assumed by its four pension plans. Since the city's existing debt burden is not expected to materially decline, continued growth in unfunded pension obligations could result in balance sheet leverage that is inconsistent with a Aa2 rating.

In the three years through fiscal 2016, the city's ANPL averaged 1.9 times annual operating revenue and 6% of full valuation. Moody's ANPL reflects certain adjustments we make to improve comparability of reported pension liabilities. The adjustments are not intended to replace the city's reported contribution information, but to improve comparability with other rated entities.

The city also sponsors a single-employer, defined benefit healthcare plan that provides healthcare benefits to retirees' and their dependents, including medical and pharmacy coverage. In 2016 the annual OPEB contributions were \$7.2 million. Fixed costs, inclusive of pension and OPEB contributions and debt service requirements, totaled 23 % of operating expenditures in fiscal 2016.

Management and Governance

Missouri cities have an institutional framework score of "Aa," or strong. Revenue-raising ability and predictability are moderate. Sales taxes, which can be volatile, are typically the largest portion of operating revenues for cities. While sales tax rates cannot be adjusted, cities have a moderate ability to increase other revenues with voter approval, within limitations of the Hancock Amendment. Expenditures primarily consist of payroll and public safety costs, which are highly predictable. The ability to cut expenditures is high given the absence of bargaining units and low fixed cost burdens.

The City Council has 13 council members, including the Mayor. All are elected at the same time to four-year terms and may serve two consecutive terms. The city annually updates the required Citywide Business Plan which serves as the overall road map for funding the City's goals during the next five fiscal years.

Legal Security

The Series 2017A&B Bonds are payable only from moneys which have been annually appropriated by the City to pay the principal of and interest due on the bonds.

The Series 2017C Bonds are payable only from appropriated moneys and from certain State Sales Tax Increment or State Income Tax Increment attributable to the Kansas City Downtown Redevelopment District Project when disbursed by the Missouri Department of Economic Development (DESA).

The Series 2017D Bonds are payable only from appropriated moneys, from certain Payments in Lieu of Texas from the Midtown Redevelopment Area and, when appropriated by the City or the State of Missouri as applicable, Economic Activity Taxes, Super TIF Revenues and State TIF Revenues collected in the Midtown Redevelopment Area.

Use of Proceeds

Proceeds of the 2017A Bonds will fund various capital projects, a debt service reserve fund for the Series 2004B-1 Bonds, and to pay capitalized interest on the 2017A Bonds.

Proceeds of the 2017B Bonds will fund various capital projects and will refinance certain capital costs associated with the creation of an Assessment Triage Center to serve people with a mental or substance use disorder which was originally financed with the Series 2014D Bonds.

Proceeds of the 2017C Bonds will advance refund the Refunded Series 2005A Bonds in full

Proceeds of the 2017D Bonds will current refund the Refunded Series 2007A Bonds in full.

Obligor Profile

The City was incorporated on June 3, 1850. The City is the central city of a 14-county Metropolitan Statistical Area in the State of Missouri and the State of Kansas. The City is situated at the confluence of the Kansas and Missouri rivers. The estimated population in 2015 was 477,146.

Methodology

The principal methodology used in this rating was US Local Government General Obligation Debt published in December 2016. The additional methodology used in the lease-backed rating was Lease, Appropriation, Moral Obligation and Comparable Debt of US State and Local Governments published in July 2016. Please see the Rating Methodologies page on www.moody.com for a copy of these methodologies

Ratings

Exhibit 5

Kansas City (City of) MO

Issue	Rating
Special Obligation Bonds, Series 2017B	A1
Rating Type	Underlying LT
Sale Amount	\$15,185,000
Expected Sale Date	02/20/2017
Rating Description	Lease Rental: Appropriation
Special Obligation Refunding Bonds, Series 2017C	A1
Rating Type	Underlying LT
Sale Amount	\$90,000,000
Expected Sale Date	02/20/2017
Rating Description	Lease Rental: Appropriation
Special Obligation Refunding Bonds, Series 2017D	A1
Rating Type	Underlying LT
Sale Amount	\$16,520,000
Expected Sale Date	02/20/2017
Rating Description	Lease Rental: Appropriation
Taxable Special Obligation Bonds, Series 2017A	A1
Rating Type	Underlying LT
Sale Amount	\$31,940,000
Expected Sale Date	02/20/2017
Rating Description	Lease Rental: Appropriation

Source: Moody's Investors Service

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EMEA	44-20-7772-5454

File Number: 1703248538644
Date Filed: 3/24/2017 10:01 AM
John R. Ashcroft
Secretary of State

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A NAME & PHONE OF CONTACT AT FILER [optional] Glenna Osborn (816) 960-0090	
B E-MAIL CONTACT AT FILER (optional) glenna.osborn@kutakrock.com	
C SEND ACKNOWLEDGMENT TO (Name and Address) Glenna Osborn Kutak Rock LLP 2300 Main Street, Suite 800 Kansas City, MO 64108-2416	

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1. **DEBTOR'S NAME:** Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name). If any part of the individual Debtor's name will not fit in the line 1b, leave all of item 1 blank, check here and provide the Individual Debtor Information in Item 10 of the Financing Statement Addendum (Form UCC1AD)

1a ORGANIZATION'S NAME City of Kansas City, Missouri				
OR	1b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIALS	SUFFIX
1c MAILING ADDRESS 414 E. 12th Street		CITY Kansas City	STATE MO	POSTAL CODE 64106
				COUNTRY USA

2. **DEBTOR'S NAME:** Provide only one Debtor name (2a or 2b) (use exact, full name, do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the individual Debtor's name will not fit in the line 2b, leave all of item 2 blank, check here and provide the Individual Debtor Information in Item 10 of the Financing Statement Addendum (Form UCC1AD)

2a ORGANIZATION'S NAME				
OR	2b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIALS	SUFFIX
2c MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY

3. **SECURED PARTY'S NAME** (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY) Provide only one Secured Party name (3a or 3b)

3a ORGANIZATION'S NAME UMB BANK, N.A., Corporate Trust Services				
OR	3b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c MAILING ADDRESS 1010 Grand Boulevard		CITY Kansas City	STATE MO	POSTAL CODE 64106
				COUNTRY USA

4. **COLLATERAL:** This financing statement covers the following collateral.

The property included in the Trust Estate under that certain Trust indenture dated as of March 1, 2017, between Debtor and Secured Party, authorizing Debtor's Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A and Debtor's Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B, and all products and proceeds thereof, including without limitation fixtures, equipment, accounts, general intangibles, investment property, chattel paper, deposit accounts and instruments

5 Check only if applicable and only one box Collateral is held in a Trust (see UCC1Ad, item 17 and Instructions) being administered by a Decedent's Personal Representative

6a Check only if applicable and only one box <input type="checkbox"/> Public-Finance Transaction <input type="checkbox"/> Manufactured-Home Transaction <input type="checkbox"/> A Debtor is a Transmitting Utility		6b Check only if applicable and only one box <input type="checkbox"/> Agricultural Lien <input type="checkbox"/> Non-UCC Filing	
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7 ALTERNATIVE DESIGNATION (if applicable) Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licenser

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9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on financing Statement, if line 1b was left blank because individual Debtor name did not fit, check

OR	9a ORGANIZATION'S NAME	City of Kansas City, Missouri		
	9b INDIVIDUAL'S SURNAME			
	FIRST PERSONAL NAME			
	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX		

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OR	10a ORGANIZATION'S NAME				
	10b INDIVIDUAL'S SURNAME				
	INDIVIDUAL'S FIRST PERSONAL NAME				
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)				SUFFIX
	10c MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

11 ADDITIONAL SECURED PARTY'S NAME **or** ASSIGNOR SECURED PARTY'S NAME Provide only one name (11a or 11b)

OR	11a ORGANIZATION'S NAME				
	11b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
	11c MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

12 ADDITIONAL SPACE FOR ITEM 4 (Collateral)

13 This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable) 14 This FINANCING STATEMENT covers timber to be cut covers as-extracted collateral is filed as a fixture filing

<p>15 Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest)</p>	<p>16. Description of real estate</p>
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17. MISCELLANEOUS

92711-115



State of Missouri
Missouri Secretary of State
John R. Ashcroft

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Glenna Osborn
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Kansas City MO 64108-2416

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City of Kansas City, Missouri, 414 E. 12th Street, Kansas City, MO, 64106

Secured Party(s) / Assignee(s):

UMB BANK, N.A., Corporate Trust Services, 1010 Grand Boulevard, Kansas City, MO, 64106

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Secretary of State

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B E-MAIL CONTACT AT FILER (optional) glenna.osborn@kutakrock.com
C SEND ACKNOWLEDGMENT TO (Name and Address) Glenna Osborn Kutak Rock LLP 2300 Main Street, Suite 800 Kansas City, MO 64108-2416

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Page 1 of 2

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1a ORGANIZATION'S NAME City of Kansas City, Missouri				
OR	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIALS	SUFFIX
1c MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
414 E. 12th Street	Kansas City	MO	64106	USA

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2a. ORGANIZATION'S NAME				
OR	2b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIALS	SUFFIX
2c MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

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3a ORGANIZATION'S NAME UMB BANK, N.A., Corporate Trust Services				
OR	3b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
1010 Grand Boulevard	Kansas City	MO	64106	USA

4. **COLLATERAL:** This financing statement covers the following collateral

The property included in the Trust Estate under that certain Trust Indenture dated as of March 1, 2017, between Debtor and Secured Party, authorizing Debtor's Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C, and all products and proceeds thereof, including without limitation fixtures, equipment, accounts, general intangibles, investment property, chattel paper, deposit accounts and instruments

5 Check only if applicable and only one box Collateral is held in a Trust (see UCC1Ad, item 17 and Instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and only one box:

Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility

6b. Check only if applicable and only one box:

Agricultural Lien Non-UCC Filing

7 ALTERNATIVE DESIGNATION (if applicable) Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licensor

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	INDIVIDUAL'S FIRST PERSONAL NAME				
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX			

10c MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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11 **ADDITIONAL SECURED PARTY'S NAME** *or* **ASSIGNOR SECURED PARTY'S NAME** Provide only one name (11a or 11b)

OR	11a ORGANIZATION'S NAME				
	11b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
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<p>15 Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest)</p>	<p>16 Description of real estate</p>
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92711-115



State of Missouri
Missouri Secretary of State
John R. Ashcroft

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Kansas City MO 64108-2416

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City of Kansas City, Missouri, 414 E. 12th Street, Kansas City, MO, 64106

Secured Party(s) / Assignee(s):

UMB BANK, N.A., Corporate Trust Services, 1010 Grand Boulevard, Kansas City, MO, 64106

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Glenna Osborn	(816) 960-0090
B. E-MAIL CONTACT AT FILER (optional)	
glenna.osborn@kutakrock.com	
C. SEND ACKNOWLEDGMENT TO (Name and Address)	
Glenna Osborn Kutak Rock LLP 2300 Main Street, Suite 800 Kansas City, MO 64108-2416	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

Page 1 of 2

1. **DEBTOR'S NAME:** Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name), if any part of the individual Debtor's name will not fit in the line 1b, leave all of item 1 blank, check here and provide the individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1AD)

1a ORGANIZATION'S NAME City of Kansas City, Missouri				
OR	1b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIALS	SUFFIX
1c MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
414 E. 12th Street	Kansas City	MO	64106	USA

2. **DEBTOR'S NAME:** Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the individual Debtor's name will not fit in the line 2b, leave all of item 2 blank, check here and provide the individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1AD)

2a ORGANIZATION'S NAME				
OR	2b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIALS	SUFFIX
2c MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. **SECURED PARTY'S NAME** (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY). Provide only one Secured Party name (3a or 3b)

3a ORGANIZATION'S NAME UMB BANK, N.A., Corporate Trust Services				
OR	3b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
1010 Grand Boulevard	Kansas City	MO	64106	USA

4. **COLLATERAL:** This financing statement covers the following collateral.

The property included in the Trust Estate under that certain Trust Indenture dated as of March 1, 2017, between Debtor and Secured Party, authorizing Debtor's Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D, and all products and proceeds thereof, including without limitation fixtures, equipment, accounts, general intangibles, investment property, chattel paper, deposit accounts and instruments

5 Check only if applicable and only one box Collateral is held in a Trust (see UCC1Ad, item 17 and Instructions) being administered by a Decedent's Personal Representative

6a Check only if applicable and only one box:

Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility

6b Check only if applicable and only one box:

Agricultural Lien Non-UCC Filing

7 ALTERNATIVE DESIGNATION (if applicable) Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licenser

8. OPTIONAL FILER REFERENCE DATA

92711-115

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9 NAME OF FIRST DEBTOR Same as line 1a or 1b on financing Statement, if line 1b was left blank because individual Debtor name did not fit, check:

OR	9a ORGANIZATION'S NAME City of Kansas City, Missouri	
	9b INDIVIDUAL'S SURNAME	
	FIRST PERSONAL NAME	
	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10 DEBTOR'S NAME -Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name do not omit, modify or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

OR	10a ORGANIZATION'S NAME	
	10b INDIVIDUAL'S SURNAME	
	INDIVIDUAL'S FIRST PERSONAL NAME	
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
	10c MAILING ADDRESS	CITY
		STATE
		POSTAL CODE
		COUNTRY

11 **ADDITIONAL SECURED PARTY'S NAME** or **ASSIGNOR SECURED PARTY'S NAME**. Provide only one name (11a or 11b)

OR	11a ORGANIZATION'S NAME	
	11b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME
		ADDITIONAL NAME(S)/INITIAL(S)
		SUFFIX
	11c MAILING ADDRESS	CITY
		STATE
		POSTAL CODE
		COUNTRY

12 ADDITIONAL SPACE FOR ITEM 4 (Collateral)

13 This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable) **14** This FINANCING STATEMENT covers timber to be cut covers as-extracted collateral is filed as a fixture filing

15 Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest)

16 Description of real estate

17. MISCELLANEOUS

92711-115



State of Missouri
Missouri Secretary of State
John R. Ashcroft

UNIFORM COMMERCIAL CODE FILING ACKNOWLEDGEMENT

03/24/2017 9:54 AM

Glenna Osborn
Kutak Rock LLP 2300 Main Street, Suite 800
Kansas City MO 64108-2416

File Number: 1703248538593 **Filing Date:** 03/24/2017 9:54 AM **Filing Type:** UCC1
Lapse Date: 3/24/2022 11:59:59 PM

Indexed Debtor(s):

City of Kansas City, Missouri, 414 E. 12th Street, Kansas City, MO, 64106

Secured Party(s) / Assignee(s):

UMB BANK, N.A., Corporate Trust Services, 1010 Grand Boulevard, Kansas City, MO, 64106

Please review the above information that was indexed in our database. We have indexed the above information exactly as it was presented on your enclosed filing. If there is an error please contact the UCC office at the number below. If you wish to make a change from your original document an amendment (UCC-3) with the appropriate fee would be required.

PO Box 1159, Jefferson City, MO 65102
(573)751-4628
<http://www.sos.mo.gov/>



Blanket Issuer Letter of Representations
(To be Completed by Issuer)

City of Kansas City, Missouri
(Name of Issuer)

January 4, 1996
(Date)

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street, 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

City of Kansas City, Missouri
(Issuer)

By: *Janice M. Read*
(Authorized Officer's Signature)

Received and Accepted:

Janice M. Read, Director of Finance
(Type/print Name & Title)

THE DEPOSITORY TRUST COMPANY

414 East 12th Street, Third Floor
(Street Address)

By: *James J. Fung*

Kansas City, Missouri 64106
(City) (State) (Zip)

(816) 274-1732
(Phone Number)



Finance Department

Office of the City Treasurer

1st Floor, City Hall
414 East 12th Street
Kansas City, Missouri 64106

Area Code 816	513-1019
City Treasurer	513-1029
Cash Management	513-1023
Investments	513-1213
Property Tax Administration	513-1031
Public Finance	

March 22, 2017

Mr. Mark V. Birkholz
Account Manager, Assistant Vice President
Corporate Trust Services
Wells Fargo Bank, N.A.
600 4th St. 6th Floor Minneapolis, MN 55402
MAC N9300-060

Re: Instructions regarding receipt of proceeds of the City ("City") of Kansas City, Missouri, Special Obligation Series 2017A ("Series 2017A") Bonds related to the cash funding of a debt service reserve for the Kansas City Municipal Assistance Corporation Series 2004B-1 ("KCMAC Series 2004B-1") Bonds

Mr. Birkholz:

Please accept this as the City's instructions for receipt and deposit of \$ 7,342,104.10 of proceeds from the Series 2017B bonds for a cash funding of a debt service reserve for the KCMAC Series 2004B-1 bonds. The funds are anticipated to be wire transferred from the Series 2017B trustee, UMB Bank, N.A., on March 23, 2017. Please deposit the funds into the debt service reserve account of the KCMAC Series 2004B-1 bonds. The funds should be invested as provided in the Investment Direction Form signed by the City Treasurer. Once the receipt and deposit is complete, can you please confirm the funding of the debt service reserve with AMBAC Assurance Corporation, the surety reserve provider related to the KCMAC Series 2004B-1 Bonds, mark the surety bond cancelled, execute the Endorsement attached, and return documents back to the contact information below? We will let Ms. Watkins know of the funding at closing.

Ms. Regina Consunji-Watkins
RConsunji-Watkins@ambac.com
AMBAC Assurance Corporation
One State Street Plaza
New York, NY 10004

We appreciate your assistance in this matter.

Douglas J. Buehler
City Treasurer

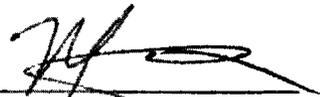
ENDORSEMENT

Surety Bond No. SB1916BE, dated October 19, 2004, is hereby amended to provide that such Surety Bond shall expire on March 23, 2017 and shall be of no further force and effect as of such date. Such expiration is consented to and agreed by the Obligor, the Corporation and the Trustee.

IN WITNESS WHEREOF, Ambac has caused this Endorsement to be executed and attested on its behalf this 21st day of March, 2017.

AMBAC ASSURANCE CORPORATION

Attest:



Title: Assistant Secretary

By:

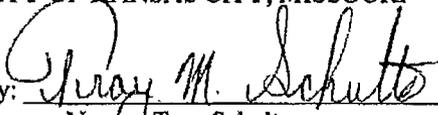


Title: First Vice President and Assistant
General Counsel

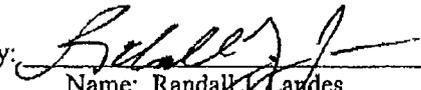
Each of the Obligor and the Paying Agent (the "Parties") hereby consents to the issuance of the Endorsement to Surety Bond SB1916BE, dated March 23, 2017, and agrees that, notwithstanding anything to the contrary contained in the Surety Bond, as of such date, the Surety Bond is expired and has no further force and effect. Each of the Parties hereby releases Ambac from any obligations, liabilities, claims and demands, causes of action and losses of any nature whatsoever, whether now existing or which may exist in the future, arising from, based upon or related to the Surety Bond. The Obligor hereby represents and confirms that it has replaced the Surety Bond with cash or a surety bond or letter of credit, to the extent required by, in accordance with, and that meets the requirements of, the Master Indenture, as supplemented and amended as of the date hereof, and each of the Parties agrees that no refund, credit or other payment is due from Ambac in respect of any premium paid for the Surety Bond or for any other reason related to the Surety Bond or its expiration in accordance herewith.

Consented to and agreed:

CITY OF KANSAS CITY, MISSOURI

By: 
Name: Troy Schulte
Title: City Manager

KANSAS CITY MUNICIPAL ASSISTANCE CORPORATION

By: 
Name: Randall J. Landes
Title: Board Member/Treasurer

WELLS FARGO BANK, N.A., as Trustee

By: 
Name: Mark Birkholz
Title: Vice President

SURETY BOND

Ambac Assurance Corporation

Statutory Office:
c/o CT Corporation
44 East Mifflin Street
Madison, Wisconsin 53703

CANCEL

Administrative Office:
One State Street Plaza
New York, New York 10004
Telephone: (212) 668-0340

CANCEL Policy No. SB1916BE

Ambac Assurance Corporation ("Ambac"), in consideration of the payment of the premium and subject to the terms of this Surety Bond, hereby unconditionally and irrevocably guarantees the full and complete payments which are to be applied to payment of principal of and interest on the Bonds (as hereinafter defined) and which are required to be made by the City of Kansas City, Missouri (the "Obligor") on behalf of the Kansas City Municipal Assistance Corporation (the "Corporation") to Wells Fargo Bank, N.A. Kansas City, Missouri (the "Trustee"), subject to annual appropriation by the City Council of the Obligor, as such payments are due by the Corporation but shall not be so paid pursuant to a certain Master Indenture of Trust dated as of September 1, 1990, between the Corporation and BNY Trust Company of Missouri, St. Louis Missouri, the successor Master Trustee, as amended and supplemented from time to time, specifically as amended and supplemented by that certain Fifth Amendment to Master Indenture dated as of October 1, 2004 between the Corporation and the Master Trustee and the Sixth Supplemental Indenture of Trust dated as of October 1, 2004, between the Corporation and the Trustee (the "Master Indenture"), authorizing the issuance of \$73,421,041 in aggregate principal amount of the Kansas City Municipal Assistance Corporation, Leasehold Improvement Revenue Bonds (H. Roe Bartle Convention Center and Infrastructure Project), Series 2004B (the "Bonds") of said Corporation and providing the terms and conditions for the issuance of said Bonds; provided that the amount available at any particular time to be paid to the Trustee under the terms hereof shall not exceed the Surety Bond Coverage, defined herein as the lesser of \$7,342,104.10 or the Series 2004B Reserve Fund Requirement for the Bonds, as that term is defined in the Master Indenture (the "Reserve Requirement"). The Surety Bond Coverage shall be reduced and may be reinstated from time to time as set forth herein.

1. As used herein, the term "Owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the applicable Trustee, the Obligor or any designee of the Obligor for such purpose. The term "Owner" shall not include the Obligor or any person or entity whose obligation or obligations by agreement constitute the underlying security or source of payment of the Bonds.

2. Upon the later of: (i) one (1) day after receipt by the General Counsel of Ambac of a demand for payment in the form attached hereto as Attachment 1 (the "Demand for Payment"), duly executed by the Trustee certifying that payment due as required by the Master Indenture has not been made to the Trustee; or (ii) the payment date of the Bonds as specified in the Demand for Payment presented by the Trustee to the General Counsel of Ambac, Ambac will make a deposit of funds in an account with the Trustee or its successor, sufficient for the payment to the Trustee, of

amounts which are then due to the Trustee (as specified in the Demand for Payment) up to but not in excess of the Surety Bond Coverage.

3. Demand for Payment hereunder may be made by prepaid telecopy, telex, or telegram of the executed Demand for Payment c/o the General Counsel of Ambac. If a Demand for Payment made hereunder does not, in any instance conform to the terms and conditions of this Surety Bond, Ambac shall give notice to the Trustee, as promptly as reasonably practicable that such Demand for Payment was not effected in accordance with the terms and conditions of this Surety Bond and briefly state the reason(s) therefor. Upon being notified that such Demand for Payment was not effected in accordance with this Surety Bond, the Trustee may attempt to correct any such nonconforming Demand for Payment if, and to the extent that, the Trustee is entitled and able to do so.

4. The amount payable by Ambac under this Surety Bond pursuant to a Demand for Payment shall be limited to the Surety Bond Coverage. The Surety Bond Coverage shall be reduced automatically to the extent of each payment made by Ambac hereunder and will be reinstated to the extent of each reimbursement of Ambac by the Obligor pursuant to Article II of the Guaranty Agreement, dated as of October 19, 2004, by and between Ambac and the Obligor (the "Guaranty Agreement"); provided, that in no event shall such reinstatement exceed the Surety Bond Coverage. Ambac will notify the Trustee, in writing within five (5) days of such reimbursement, that the Surety Bond Coverage has been reinstated to the extent of such reimbursement pursuant to the Guaranty Agreement and such reinstatement shall be effective as of the date Ambac gives such notice. The notice to the Trustee will be substantially in the form attached hereto as Attachment 2. The Surety Bond Coverage shall be automatically reduced to the extent that the Reserve Requirement for the Bonds is lowered or reduced pursuant to the terms of the Master Indenture.

5. Any service of process on Ambac may be made to Ambac or the office of the General Counsel of Ambac and such service of process shall be valid and binding as to Ambac. During the term of its appointment, General Counsel will act as agent for the acceptance of service of process and its offices are located at One State Street Plaza, New York, New York 10004, Telephone: (212) 668-0340.

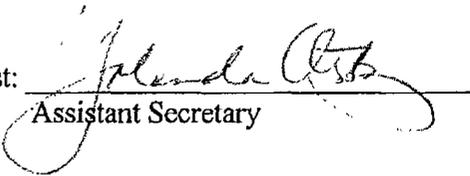
6. This Surety Bond is noncancelable for any reason. The term of this Surety Bond shall expire on the earlier of (i) April 15, 2032 or (ii) the date on which the Obligor, to the satisfaction of Ambac, has made all payments required to be made on the Bonds pursuant to the Master Indenture. The premium on this Surety Bond is not refundable for any reason, including the payment prior to maturity of the Bonds.

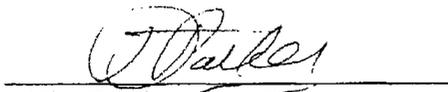
7. This Surety Bond shall be governed by and interpreted under the laws of the State of Wisconsin, and any suit hereunder in connection with any payment may be brought only by the Trustee within one year after (i) a Demand for Payment, with respect to such payment, is made pursuant to the terms of this Surety Bond and Ambac has failed to make such payment or (ii) payment would otherwise have been due hereunder but for the failure on the part of the Trustee to deliver to Ambac a Demand for Payment pursuant to the terms of this Surety Bond, whichever is earlier.

IN WITNESS WHEREOF, Ambac has caused this Surety Bond to be executed and attested on its behalf this 19th day of October, 2004.

CANCEL

Ambac Assurance Corporation

Attest: 
Assistant Secretary

By: 
Vice President

Attachment 1

Surety Bond No. SB1916BE

DEMAND FOR PAYMENT

, 20__

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: General Counsel

Reference is made to the Surety Bond No. SB1916BE (the "Surety Bond") issued by Ambac Assurance Corporation ("Ambac"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

The Trustee hereby certifies that:

(a) Payment by the Obligor to the Trustee was due on _____ [a date not less than one (1) day prior to the applicable payment date for the Bonds] under the Master Indenture attached hereto as Exhibit A, in an amount equal to \$ _____ (the "Amount Due"). The Amount Due is payable to the Owners of the Bonds on _____.

(b) \$ _____ has been deposited in the _____ [fund/account] from moneys paid by the Obligor or from other funds legally available to the Trustee for payment to the Owners of the Bonds, which amount is \$ _____ less than the Amount Due (the "Deficiency").

(c) The Trustee has not heretofore made demand under the Surety Bond for the Amount Due or any portion thereof.

The Trustee hereby requests that payment of the Deficiency (up to but not in excess of the Surety Bond Coverage) be made by Ambac under the Surety Bond and directs that payment under the Surety Bond be made to the following account by bank wire transfer of federal or other immediately available funds in accordance with the terms of the Surety Bond:

_____ [Trustee's Account]
[Trustee]
By: _____
Its: _____

Attachment 2

Surety Bond No. SB1916BE

NOTICE OF REINSTATEMENT

, 20__

[Trustee]

[Address]

Reference is made to the Surety Bond No. SB1916BE (the "Surety Bond") issued by Ambac Assurance Corporation ("Ambac"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Surety Bond unless the context otherwise requires.

Ambac hereby delivers notice that it is in receipt of payment from the Obligor pursuant to Article II of the Guaranty Agreement and as of the date hereof the Surety Bond Coverage is \$_____, subject to a reduction as the Reserve Requirement for the Bonds is lowered or reduced pursuant to the terms of the Master Indenture.

AMBAC ASSURANCE CORPORATION

Attest: _____
Title:

By: _____
Title:

CITY OF MOUNTAINS
HEART OF THE NATION



KANSAS CITY
MISSOURI

Finance Department

Office of the City Treasurer

1st Floor, City Hall
414 East 12th Street
Kansas City, Missouri 64106

Area Code 816	
City Treasurer	513-1019
Cash Management	513-1029
Investments	513-1023
Property Tax Administration	513-1213
Public Finance	513-1031

Material Event Notice Pursuant to SEC Rule 15c2-12(b)(5)(C)

March 24, 2017

Obligated Person: City of Kansas City, Missouri (the "City")

Related Securities: Kansas City Municipal Assistance Corporation Leasehold Refunding Revenue Bonds (H. Roe Bartle Convention Center and Infrastructure Project) Series 2004B-1 ("Series 2004B-1 Bonds")

Events Reported:

The Obligated Person in compliance with its contractual undertaking made in accordance with SEC Rule 15c2-12 to report certain events with respect to the above-referenced Series 2004B-1 Bonds.

NOTICE OF CANCELLATION OF SURETY BOND

In accordance with the terms of the documents for the Series 2004B-1 Bonds, the City and the Kansas City Municipal Assistance Corporation (the "Issuer") have deposited \$ 7,342,104.10 in cash with the trustee of the Series 2004B-1 Bonds for deposit in the debt service reserve account for the Series 2004B-1 Bonds. Consequently, the Surety Bond for the debt service reserve account provided by Ambac Assurance Corporation has been cancelled.

Nothing contained in this notice is, or should be construed as, a representation by the City or the Issuer that the information included in this notice constitutes all of the information that may be material to a decision to invest in, hold or dispose of the Series 2004B-1 Bonds referenced herein, or any other securities of the City or the Issuer.

For additional information, contact:

Douglas J. Buehler
City Treasurer
City of Kansas City, Missouri
Phone: 816-513-1024
E-Mail: Douglas.Buehler@kcmo.org

cc: Randall J. Landes, Director of Finance
James Agnew, Bank of New York (Trustee)
Short-Term Desk, Citigroup Global Markets
Director of Derivatives Operations, Citigroup, N.A.
Mark V. Birkholz, Wells Fargo
Jeffrey D. Warner, PNC Bank, National Association
Brent Riley, Bank of America
Jill M. Forysth, Bank of America
Remarketing Agent, Bank of America
W. Matthew Deleo, Wells Fargo Brokerage Services, LLC
Barbara Flickinger, National Public Finance Guarantee Corp.
Karen Hofstein, Assured Guaranty Corporation
General Counsel, Berkshire Hathaway Assurance Corporation
Steve Halvorsen, U.S. Bank National Association
Eileen Kirchoff, Ambac Indemnity Corporation
Public Finance Notices, J.P. Morgan Securities, Inc.
John Williams, Syncora Guarantee, Inc
Kin Wong, Sumitomo Mitsui Banking Corporation



for assistance call 202-838-1330



Continuing Disclosure Preview

Submission Status Published

You are currently acting on behalf of City of Kansas City, Missouri

[Back](#) [Publish](#)

PREVIEW

EVENT FILING (CUSIP-9 BASED)

Rule 15c2-12 Disclosure

Release, Substitution or Sale of Property: Notice of Cancellation of Surety Bonds, Series 2004B-1, dated 03/24/2017

Total CUSIPs associated with this submission: 11

VIEW DOCUMENTS

Event Filing dated 03/24/2017
Notice of Cancellation of Surety Bond - (H. Roe Bartle Convention Center & Infrastructure Project) Series 2004B-1 - 03/24/2017 pdf posted 03/24/2017

The following issuers are associated with this continuing disclosure submission:

CUSIP-6	State	Issuer Name
485052	MO	KANSAS CITY MO MUN ASSISTANCE CORP REV

The following securities have been published with this continuing disclosure submission:

Displaying 11 CUSIPs

- 485052RG1
- 485052RH9
- 485052RJ5
- 485052RK2
- 485052RL0
- 485052RM6
- 485052RN6
- 485052RP1
- 485052RQ9
- 485052RR7
- 485052RS5

SUBMITTER'S CONTACT INFORMATION

Company: City of Kansas City, Missouri
 Name: ELISHA BOOKER
 Address: 414 E. 12TH STREET 1ST FLOOR, EAST WING
 City, State Zip: KANSAS CITY, MO 64106
 Phone Number: 816-513-1014
 Email: elisha.booker@kcmo.org

[Sitemap](#) [Privacy Policy](#) [Terms of Use](#) [MSRB.org](#) [MSRB Systems Status](#)
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EMMA is a service of the Municipal Securities Rulemaking Board which protects investors, state and local governments, and the public interest. Portions of EMMA data provided by [Standard & Poor's Securities Evaluations, Inc.](#), [CUSIP Service Bureau](#) & [American Bankers Association](#)

00 00 0181650

1 0 1287-241-5

KUTAK ROCK LLP

SUITE 800
TWO PERSHING SQUARE
2300 MAIN STREET

KANSAS CITY, MISSOURI 64108-2416

816-960-0090
FACSIMILE 816-960-0041

www.kutakrock.com

ATLANTA
CHICAGO
DENVER
FAYETTEVILLE
IRVINE
LITTLE ROCK
LOS ANGELES
MINNEAPOLIS
OKLAHOMA CITY
OMAHA
PHILADELPHIA
RICHMOND
ROGERS
SCOTTSDALE
SPOKANE
WASHINGTON, D.C.
WICHITA

March 23, 2017

City of Kansas City, Missouri
Kansas City, Missouri

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

J.P. Morgan Securities LLC
Kansas City, Missouri

\$156,390,000
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS
consisting of:

\$31,610,000	\$19,185,000
Taxable Special Obligation Bonds	Special Obligation Bonds
(Kansas City, Missouri Projects)	(Kansas City, Missouri Projects)
Series 2017A	Series 2017B
\$89,410,000	\$16,185,000
Special Obligation Refunding	Special Obligation Refunding
Bonds	Bonds
(Kansas City Downtown	(Midtown Redevelopment
Redevelopment District)	Project)
Series 2017C	Series 2017D

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the issuance by the City of Kansas City, Missouri (the "Issuer"), of the above-referenced Bonds. The Series 2017A Bonds and Series 2017B Bonds have been authorized and issued under and pursuant to the City Charter of the Issuer and the Trust Indenture dated as of March 1, 2017 (the "Series 2017A and B Indenture") by and between the Issuer and UMB Bank, N.A., as Trustee (the "Trustee"). The Series 2017C Bonds have been authorized and issued under and pursuant to the City Charter of the Issuer and the Trust Indenture dated as of March 1, 2017 (the "Series 2017C Indenture") by and between the Issuer and the Trustee. The Series 2017D Bonds have been authorized and issued under and pursuant to the City Charter of the Issuer and the Trust Indenture dated as of March 1, 2017 (the "Series 2017D Indenture") by and between the Issuer and the Trustee. The Series 2017A and B Indenture, the Series 2017C Indenture and the Series 2017D Indenture are referred to collectively herein as the "Indentures." Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the applicable Indenture.

KUTAK ROCK LLP

March 23, 2017

Page 2

The proceeds of the Series 2017A Bonds will be used to provide funds (a) to acquire, construct, reconstruct and/or improve certain projects within the City (the "Taxable City Projects"), (b) to fund a debt service reserve fund for the Kansas City Municipal Assistance Corporation Tax-Exempt Leasehold Improvement Revenue Bonds (H. Roe Bartle Convention Center and Infrastructure Project) Series 2004B-1, (c) to pay capitalized interest on a portion of the Series 2017A Bonds and (d) to pay certain costs related to the issuance of the Series 2017A Bonds, as more fully described and defined in the Series 2017A and B Indenture. The proceeds of the Series 2017B Bonds will be used to provide funds (a) to acquire, construct, reconstruct and/or improve certain projects within the City and to refinance the Crisis Center Project (the "Tax-Exempt City Projects") through the refunding of that portion of the Issuer's Special Obligation Bond Anticipation Bonds (Streetcar System Expansion Project) Series 2014D related to the Crisis Center Project (the "Refunded Series 2014D Bonds") and (b) to pay certain costs related to the issuance of the Series 2017B Bonds, as more fully described and defined in the Series 2017A and B Indenture. The proceeds of the Series 2017C Bonds will be used to provide funds (a) to advance refund all of the currently Outstanding Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A of The Industrial Development Authority of the City of Kansas City, Missouri (the "Refunded Series 2005A Bonds") and (b) to pay certain costs related to the issuance of the Series 2017C Bonds, as more fully described and defined in the Series 2017C Indenture. The proceeds of the Series 2017D Bonds will be used to provide funds (a) to current refund \$17,425,000 principal amount of the currently Outstanding Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri - Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the "Series 2007A Bonds") of The Industrial Development Authority of the City of Kansas City, Missouri maturing on April 1 in the years 2018 through 2022 (the "Refunded Series 2007A Bonds") and (b) to pay certain costs related to the issuance of the Series 2017D Bonds, as more fully described and defined in the Series 2017D Indenture.

Reference is made to an opinion of even date herewith of the Office of the City Attorney, with respect to, among other matters, (a) the power of the Issuer to enter into and perform its obligations under the Indentures, the Tax Compliance Agreements relating to the Series 2017B Bonds, Series 2017C Bonds, and Series 2017D Bonds (collectively, the "Tax Compliance Agreements") and the Escrow Trust Agreements and other escrow agreements relating to the Refunded Series 2005A Bonds and the Refunded Series 2007A Bonds (collectively, the "Escrow Agreements") and (b) the due authorization, execution and delivery of the Indentures, the Tax Compliance Agreements and the Escrow Agreements by the Issuer and the binding effect and enforceability thereof against the Issuer.

In our capacity as Co-Bond Counsel, we have examined such certified proceedings and other documents as we deem necessary to render this opinion, including a certified transcript of the proceedings relating to the authorization and issuance of the Bonds, which transcript includes, among other documents and proceedings, the Indentures, the Tax Compliance Agreements and the Escrow Agreements and related proceedings, documents and certificates, and also a specimen Bond of each issue so authorized. As to questions of fact material to our opinion we have relied upon representations contained in the Indentures, the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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 Indentures.

KUTAK ROCK LLP

March 23, 2017

Page 3

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a constitutional charter city duly and legally organized and validly existing under the laws of the State of Missouri and has lawful power and authority to issue the Bonds and to enter into the Indentures 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.

3. The Bonds of each Series are valid and legally binding limited obligations of the Issuer according to the terms thereof, payable as to principal, redemption premium, if any, and interest solely from, and secured by a valid and enforceable pledge and assignment of the applicable Trust Estate, all in the manner provided in the applicable Indenture. The Bonds do not constitute a debt or liability of the State of Missouri or of any political subdivision thereof within the meaning of any State Constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State or of any political subdivision thereof.

4. The Indentures, the Tax Compliance Agreements and the Escrow Agreements have been duly authorized, executed and delivered by the Issuer and constitute valid and legally binding agreements enforceable against the Issuer in accordance with the respective provisions thereof.

5. The interest on the Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds (the "Tax-Exempt Bonds") is excludable from gross income for federal and Missouri income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Notwithstanding our opinion that interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses). The opinions set forth in this paragraph are subject to the condition that the Issuer and the Trustee comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal and Missouri income tax purposes. The Issuer and the Trustee have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Tax-Exempt Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Tax-Exempt Bonds.

6. The interest on the Series 2017A Bonds is included in gross income for federal and Missouri income tax purposes.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

KUTAK ROCK LLP

March 23, 2017
Page 4

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indentures and the Escrow Agreements 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 call to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof which may affect the legal opinions expressed herein.

Very truly yours,

Kutak Rock LLP



Hardwick

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Attorneys at Law

Years of Service

2405 Grand Boulevard, Suite 800 Kansas City, Missouri 64108 T: 816-221-9445

March 23, 2017

City of Kansas City, Missouri
Kansas City, Missouri

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

J.P. Morgan Securities LLC
Kansas City, Missouri

\$156,390,000
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS
consisting of:

\$31,610,000	\$19,185,000
Taxable Special Obligation Bonds	Special Obligation Bonds
(Kansas City, Missouri Projects)	(Kansas City, Missouri Projects)
Series 2017A	Series 2017B
\$89,410,000	\$16,185,000
Special Obligation Refunding	Special Obligation Refunding
Bonds	Bonds
(Kansas City Downtown	(Midtown Redevelopment
Redevelopment District)	Project)
Series 2017C	Series 2017D

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the issuance by the City of Kansas City, Missouri (the "Issuer"), of the above-referenced Bonds. The Series 2017A Bonds and Series 2017B Bonds have been authorized and issued under and pursuant to the City Charter of the Issuer and the Trust Indenture dated as of March 1, 2017 (the "Series 2017A and B Indenture") by and between the Issuer and UMB Bank, N.A., as Trustee (the "Trustee"). The Series 2017C Bonds have been authorized and issued under and pursuant to the City Charter of the Issuer and the Trust Indenture dated as of March 1, 2017 (the "Series 2017C Indenture") by and between the Issuer and the Trustee. The Series 2017D Bonds have been authorized and issued under and pursuant to the City Charter of the Issuer and the Trust Indenture dated as of March 1, 2017 (the "Series 2017D Indenture") by and between the Issuer and the Trustee. The Series 2017A and B Indenture, the Series 2017C Indenture and the Series 2017D Indenture are referred to collectively herein as the "Indentures." Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the applicable Indenture.

The proceeds of the Series 2017A Bonds will be used to provide funds (a) to acquire, construct, reconstruct and/or improve certain projects within the City (the "Taxable City Projects"), (b) to fund a debt service reserve fund for the Kansas City Municipal Assistance Corporation Tax-Exempt Leasehold Improvement Revenue Bonds (H. Roe Bartle Convention Center and Infrastructure Project) Series 2004B-

1, (c) to pay capitalized interest on a portion of the Series 2017A Bonds and (d) to pay certain costs related to the issuance of the Series 2017A Bonds, as more fully described and defined in the Series 2017A and B Indenture. The proceeds of the Series 2017B Bonds will be used to provide funds (a) to acquire, construct, reconstruct and/or improve certain projects within the City and to refinance the Crisis Center Project (the "Tax-Exempt City Projects") through the refunding of that portion of the Issuer's Special Obligation Bond Anticipation Bonds (Streetcar System Expansion Project) Series 2014D related to the Crisis Center Project (the "Refunded Series 2014D Bonds") and (b) to pay certain costs related to the issuance of the Series 2017B Bonds, as more fully described and defined in the Series 2017A and B Indenture. The proceeds of the Series 2017C Bonds will be used to provide funds (a) to advance refund all of the currently Outstanding Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A of The Industrial Development Authority of the City of Kansas City, Missouri (the "Refunded Series 2005A Bonds") and (b) to pay certain costs related to the issuance of the Series 2017C Bonds, as more fully described and defined in the Series 2017C Indenture. The proceeds of the Series 2017D Bonds will be used to provide funds (a) to current refund \$17,425,000 principal amount of the currently Outstanding Infrastructure Facilities Refunding Revenue Bonds (Kansas City, Missouri - Uptown Theater and Midtown Redevelopment Projects) Series 2007A (the "Series 2007A Bonds") of The Industrial Development Authority of the City of Kansas City, Missouri maturing on April 1 in the years 2018 through 2022 (the "Refunded Series 2007A Bonds") and (b) to pay certain costs related to the issuance of the Series 2017D Bonds, as more fully described and defined in the Series 2017D Indenture.

Reference is made to an opinion of even date herewith of the Office of the City Attorney, with respect to, among other matters, (a) the power of the Issuer to enter into and perform its obligations under the Indentures, the Tax Compliance Agreements relating to the Series 2017B Bonds, Series 2017C Bonds, and Series 2017D Bonds (collectively, the "Tax Compliance Agreements") and the Escrow Trust Agreements and other escrow agreements relating to the Refunded Series 2005A Bonds and the Refunded Series 2007A Bonds (collectively, the "Escrow Agreements") and (b) the due authorization, execution and delivery of the Indentures, the Tax Compliance Agreements and the Escrow Agreements by the Issuer and the binding effect and enforceability thereof against the Issuer.

In our capacity as Co-Bond Counsel, we have examined such certified proceedings and other documents as we deem necessary to render this opinion, including a certified transcript of the proceedings relating to the authorization and issuance of the Bonds, which transcript includes, among other documents and proceedings, the Indentures, the Tax Compliance Agreements and the Escrow Agreements and related proceedings, documents and certificates, and also a specimen Bond of each issue so authorized. As to questions of fact material to our opinion we have relied upon representations contained in the Indentures, the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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 Indentures.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a constitutional charter city duly and legally organized and validly existing under the laws of the State of Missouri and has lawful power and authority to issue the Bonds and to enter into the Indentures 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.

March 23, 2017

Page 3

3. The Bonds of each Series are valid and legally binding limited obligations of the Issuer according to the terms thereof, payable as to principal, redemption premium, if any, and interest solely from, and secured by a valid and enforceable pledge and assignment of the applicable Trust Estate, all in the manner provided in the applicable Indenture. The Bonds do not constitute a debt or liability of the State of Missouri or of any political subdivision thereof within the meaning of any State Constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State or of any political subdivision thereof.

4. The Indentures, the Tax Compliance Agreements and the Escrow Agreements have been duly authorized, executed and delivered by the Issuer and constitute valid and legally binding agreements enforceable against the Issuer in accordance with the respective provisions thereof.

5. The interest on the Series 2017B Bonds, Series 2017C Bonds and Series 2017D Bonds (the "Tax-Exempt Bonds") is excludable from gross income for federal and Missouri income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Notwithstanding our opinion that interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses). The opinions set forth in this paragraph are subject to the condition that the Issuer and the Trustee comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal and Missouri income tax purposes. The Issuer and the Trustee have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Tax-Exempt Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Tax-Exempt Bonds.

6. The interest on the Series 2017A Bonds is included in gross income for federal and Missouri income tax purposes.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indentures and the Escrow Agreements 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 call to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof which may affect the legal opinions expressed herein.

Very truly yours,

A handwritten signature in cursive script that reads "Sandwick Law Firm, LCC". The signature is written in black ink and is positioned below the typed name.

KUTAK ROCK LLP

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WASHINGTON, D.C.
WICHITA

March 23, 2017

City of Kansas City, Missouri
Kansas City, Missouri

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

J.P. Morgan Securities LLC
Kansas City, Missouri

Re: \$31,610,000 Taxable Special Obligation Bonds (Kansas City, Missouri, Projects) Series 2017A (the "Series 2017A Bonds"), \$19,185,000 Special Obligation Bonds (Kansas City, Missouri, Projects) Series 2017B (the "Series 2017B Bonds"), \$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the "Series 2017C Bonds"), and \$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D (the "Series 2017D Bonds"). (Collectively, the Series 2017A Bonds, the Series 2017B Bonds, the Series 2017C Bonds, and the Series 2017D Bonds are referred to herein as the "Bonds").

Ladies and Gentlemen:

This opinion is being rendered pursuant to Section 6(h)(4) of the Bond Purchase Agreement, dated March 8, 2017, between the City of Kansas City, Missouri (the "Issuer") and J.P. Morgan Securities LLC, as the representative of the purchasers thereunder, relating to the above-described bonds (the "Bonds"). Capitalized words and terms used herein with respect to the Series 2017A Bonds, the Series 2017B Bonds, the Series 2017C Bonds and the Series 2017D Bonds, as applicable, unless otherwise defined herein or the context requires otherwise, shall have the same meanings as ascribed to such words and terms in the Trust Indenture dated as of March 1, 2017, by and between the Issuer and UMB Bank, N.A., as Trustee relating to the Series 2017A Bonds and the Series 2017B Bonds (the "Series 2017A and B Indenture"), the Trust Indenture dated as of March 1, 2017, by and between the Issuer and UMB Bank, N.A., as Trustee relating to the Series 2017C Bonds (the "Series 2017C Indenture"), or the Trust Indenture dated as of March 1, 2017, by and between the Issuer and UMB Bank, N.A., as Trustee relating to the Series 2017D Bonds (the "Series 2017D Indenture"), as applicable. The Series 2017A and B Indenture, the Series 2017C Indenture and the Series 2017D Indenture are referred to collectively herein as the "Indentures."

We advise you, on the basis of our examination of the documents referred to in the opinion which we have rendered as Co-Bond Counsel described above and existing law, that:

1. We have reviewed the information contained in the Official Statement under the captions "INTRODUCTION - The Series 2017A Bonds," "INTRODUCTION - The Series 2017B

KUTAK ROCK LLP

March 23, 2017

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Bonds,” “INTRODUCTION - The Series 2017C Bonds,” “INTRODUCTION - The Series 2017D Bonds,” “INTRODUCTION – Security and Sources of Payment for the Series 2017 Bonds,” “THE SERIES 2017 BONDS.” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS” and “TAX MATTERS” and in Appendices B and D solely to determine whether such information and summaries conform to the Bonds, the Indentures and our co-bond counsel opinion. The summary descriptions in the Official Statement under such captions, as of the date of the Official Statement and as of the date hereof, insofar as such descriptions purport to describe or summarize certain provisions of the Bonds (apart from the information relating to The Depository Trust Company and its book-entry only system, as to which we express no opinion) and the Indentures are accurate summaries of such provisions in all material respects. In addition, the information in the Official Statement under the caption “TAX MATTERS” purporting to describe or summarize our opinions concerning certain federal tax matters relating to the Bonds have been reviewed by us and are accurate summaries in all material respects.

2. The Bonds are exempted securities under the Securities Act of 1933, as amended, and the Trust Indenture Act of 1939, as amended; and it is not necessary in connection with the sale of the Bonds to the public to register the Bonds or any underlying securities under the Securities Act of 1933, as amended, or to qualify the Indentures under the Trust Indenture Act of 1939, as amended.

We hereby consent to the references made to us on the cover of, and under the headings “TAX MATTERS” and “LEGAL MATTERS” in the Official Statement.

The foregoing opinions are being furnished to you solely for your benefit and may not be relied upon by any other person without our prior written consent.

Very truly yours,

Kutak Rock LLP



Hardwick

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March 23, 2017

City of Kansas City, Missouri
Kansas City, Missouri

J.P. Morgan Securities LLC
Chicago, Illinois

UMB Bank, N.A.
Kansas City, Missouri

Re: \$31,610,000 Taxable Special Obligation Bonds (Kansas City, Missouri, Projects) Series 2017A (the "Series 2017A Bonds"), \$19,185,000 Special Obligation Bonds (Kansas City, Missouri, Projects) Series 2017B (the "Series 2017B Bonds"), \$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the "Series 2017C Bonds"), and \$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D (the "Series 2017D Bonds"). (Collectively, the Series 2017A Bonds, the Series 2017B Bonds, the Series 2017C Bonds, and the Series 2017D Bonds are referred to herein as the "Bonds").

Ladies and Gentlemen:

This opinion is being rendered pursuant to Section 6(h)(4) of the Bond Purchase Agreement, dated March 8, 2017, between the City of Kansas City, Missouri (the "Issuer") and J.P. Morgan Securities LLC, as the representative of the purchasers thereunder, relating to the above-described bonds (the "Bonds"). Capitalized words and terms used herein with respect to the Series 2017A Bonds, the Series 2017B Bonds, the Series 2017C Bonds and the Series 2017D Bonds, as applicable, unless otherwise defined herein or the context requires otherwise, shall have the same meanings as ascribed to such words and terms in the Trust Indenture dated as of March 1, 2017, by and between the Issuer and UMB Bank, N.A., as Trustee relating to the Series 2017A Bonds and the Series 2017B Bonds (the "Series 2017A and B Indenture"), the Trust Indenture dated as of March 1, 2017, by and between the Issuer and UMB Bank, N.A., as Trustee relating to the Series 2017C Bonds (the "Series 2017C Indenture") or the Trust Indenture dated as of March 1, 2017, by and between the Issuer and UMB Bank, N.A., as Trustee relating to the Series 2017D Bonds (the "Series 2017D Indenture") as applicable. The Series 2017A and B Indenture, the Series 2017C Indenture and the Series 2017D Indenture are referred to collectively herein as the "Indentures."

We advise you, on the basis of our examination of the documents referred to in the opinion which we have rendered as Co-Bond Counsel described above and existing law, that:

1. We have reviewed the information contained in the Official Statement under the captions "INTRODUCTION - The Series 2017A Bonds," "INTRODUCTION - The Series 2017B Bonds," "INTRODUCTION - The Series 2017C Bonds," "INTRODUCTION - The Series 2017D Bonds," "INTRODUCTION - Security and Sources of Payment for the Series 2017 Bonds," "THE SERIES 2017 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS" and "TAX

March 23, 2017

Page 2

MATTERS” and in Appendices B and D solely to determine whether such information and summaries conform to the Bonds, the Indentures and our co-bond counsel opinion. The summary descriptions in the Official Statement under such captions, as of the date of the Official Statement and as of the date hereof, insofar as such descriptions purport to describe or summarize certain provisions of the Bonds (apart from the information relating to The Depository Trust Company and its book-entry only system, as to which we express no opinion) and the Indentures are accurate summaries of such provisions in all material respects. In addition, the information in the Official Statement under the caption “TAX MATTERS” purporting to describe or summarize our opinions concerning certain federal tax matters relating to the Bonds have been reviewed by us and are accurate summaries in all material respects.

2. The Bonds are exempted securities under the Securities Act of 1933, as amended, and the Trust Indenture Act of 1939, as amended; and it is not necessary in connection with the sale of the Bonds to the public to register the Bonds or any underlying securities under the Securities Act of 1933, as amended, or to qualify the Indentures under the Trust Indenture Act of 1939, as amended.

We hereby consent to the references made to us on the cover of, and under the headings “TAX MATTERS” and “LEGAL MATTERS” in the Official Statement.

The foregoing opinions are being furnished to you solely for your benefit and may not be relied upon by any other person without our prior written consent.

Very truly yours,

Harwick Law Firm, LLC

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WICHITA

March 23, 2017

The Industrial Development Authority of the City of Kansas City, Missouri
Kansas City, Missouri

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

City of Kansas City, Missouri
Kansas City, Missouri

Re: Amendment of Indenture Relating to Advance Refunding and Defeasance of The Industrial Development Authority of the City of Kansas City, Missouri Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the amendment of the Amended and Restated Indenture of Trust dated as of June 1, 2007, as previously amended (the "Amended and Restated Indenture") between The Industrial Development Authority of the City of Kansas City, Missouri (the "Issuer") and UMB Bank, N.A. (the "Trustee"), and consented to by the City of Kansas City, Missouri (the "City"). The Amended and Restated Indenture is being amended and supplemented by the Fourth Supplemental Indenture dated as of March 1, 2017 (the "Supplemental Indenture" and with the Amended and Restated Indenture, the "Indenture") in connection with the advance refunding and defeasance in full on the date hereof of the Issuer's Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A (the "Refunded Series 2005A Bonds"), following which the only Bonds outstanding under the Indenture will be the Authority's Tax-Exempt Refunding Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2011A (the "Series 2011A Bonds"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

In rendering this opinion, we have examined the Amended and Restated Indenture, the Supplemental Indenture and such other documents, laws and statutes as we consider necessary to render this opinion.

1. We are of the opinion, as of the date hereof, that under existing statutes, regulations, rulings and court decisions, the execution, delivery and performance of the Supplemental Indenture will not adversely affect the exclusion of the interest on the Bonds from federal or State of Missouri income taxation.

2. We are further of the opinion, as of the date hereof, that the execution, delivery and performance of the Supplemental Indenture is permitted and in compliance with the Amended and Restated Indenture and the Act, will not materially adversely affect the interests of the owners of the

KUTAK ROCK LLP

March 23, 2017

Page 2

Bonds and will, upon execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms.

In rendering the opinion set forth in paragraph 1, we expressly disclaim any responsibility for any reexamination of the laws of the State of Missouri subsequent to the issuance of the Bonds, or for any examination of any events or transactions, including but not limited to any actions of the Issuer or the City, subsequent to the issuance of the Bonds, which may have any impact on this opinion and we express no opinion as to the impact of any other transaction or event (other than the execution, delivery and performance of the Supplemental Indenture) under the Amended and Restated Indenture.

The opinion set forth above is based upon existing statutes, regulations, rulings and court decisions in effect as of the date hereof. Any change in such statutes, regulations, rulings or court decisions or in the interpretations of the same by any governmental entity having jurisdiction over such questions could cause us to change the conclusions set forth herein. We express no opinion on the likelihood of such a change and the delivery of this opinion should not be construed as any evidence that such a change may not be forthcoming.

We call to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof which may affect our legal opinions expressed herein.

Very truly yours,

Kutak Rock LLP



Hardwick

Attorneys at Law

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2405 Grand Boulevard, Suite 800 Kansas City, Missouri 64108 T: 816-221-9445

March 23, 2017

The Industrial Development Authority of the City of Kansas City, Missouri
Kansas City, Missouri

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

City of Kansas City, Missouri
Kansas City, Missouri

Re: Amendment of Indenture Relating to Advance Refunding and Defeasance of The Industrial Development Authority of the City of Kansas City, Missouri Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the amendment of the Amended and Restated Indenture of Trust dated as of June 1, 2007, as previously amended (the "Amended and Restated Indenture") between The Industrial Development Authority of the City of Kansas City, Missouri (the "Issuer") and UMB Bank, N.A. (the "Trustee"), and consented to by the City of Kansas City, Missouri (the "City"). The Amended and Restated Indenture is being amended and supplemented by the Fourth Supplemental Indenture dated as of March 1, 2017 (the "Supplemental Indenture" and with the Amended and Restated Indenture, the "Indenture") in connection with the advance refunding and defeasance in full on the date hereof of the Issuer's Tax-Exempt Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2005A (the "Refunded Series 2005A Bonds"), following which the only Bonds outstanding under the Indenture will be the Authority's Tax-Exempt Refunding Revenue Bonds (Kansas City Downtown Redevelopment District) Series 2011A (the "Series 2011A Bonds"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

In rendering this opinion, we have examined the Amended and Restated Indenture, the Supplemental Indenture and such other documents, laws and statutes as we consider necessary to render this opinion.

1. We are of the opinion, as of the date hereof, that under existing statutes, regulations, rulings and court decisions, the execution, delivery and performance of the Supplemental Indenture will not adversely affect the exclusion of the interest on the Bonds from federal or State of Missouri income taxation.

2. We are further of the opinion, as of the date hereof, that the execution, delivery and performance of the Supplemental Indenture is permitted and in compliance with the Amended and Restated Indenture and the Act, will not materially adversely affect the interests of the owners of the Bonds and will, upon execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms.

In rendering the opinion set forth in paragraph 1, we expressly disclaim any responsibility for any reexamination of the laws of the State of Missouri subsequent to the issuance of the Bonds, or for any examination of any events or transactions, including but not limited to any actions of the Issuer or the City,

March 23, 2017

Page 2

subsequent to the issuance of the Bonds, which may have any impact on this opinion and we express no opinion as to the impact of any other transaction or event (other than the execution, delivery and performance of the Supplemental Indenture) under the Amended and Restated Indenture.

The opinion set forth above is based upon existing statutes, regulations, rulings and court decisions in effect as of the date hereof. Any change in such statutes, regulations, rulings or court decisions or in the interpretations of the same by any governmental entity having jurisdiction over such questions could cause us to change the conclusions set forth herein. We express no opinion on the likelihood of such a change and the delivery of this opinion should not be construed as any evidence that such a change may not be forthcoming.

We call to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof which may affect our legal opinions expressed herein.

Very truly yours,

Harward Law Firm, LLC

KUTAK ROCK LLP

SUITE 800
TWO PERSHING SQUARE
2300 MAIN STREET

KANSAS CITY, MISSOURI 64108-2416

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March 23, 2017

City of Kansas City, Missouri
Kansas City, Missouri

\$156,390,000
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS

consisting of:

\$31,610,000 Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A	\$19,185,000 Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B
\$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C	\$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D

Ladies and Gentlemen:

This letter is being delivered to you in connection with the sale of the above-referenced Series 2016 Bonds (the "Bonds") to J.P. Morgan Securities LLC (the "Original Purchaser") pursuant to a Bond Purchase Agreement dated March 8, 2017, by and between the Original Purchaser, acting on its own behalf and on behalf of the other underwriters listed therein, and the City of Kansas City, Missouri (the "City").

In our capacity as disclosure counsel to the City, we have assisted the City in the preparation of the Official Statement dated March 8, 2017 (the "Official Statement"), used in connection with the initial issuance and sale of the Bonds. Capitalized terms used, but not defined herein, shall have the meanings set forth in the Official Statement.

In the course of such participation we have reviewed information furnished to us by, and have participated in conferences with representatives of the City and its financial advisor. We have also reviewed the documents, certificates and opinions delivered to the Original Purchaser and the City in connection with the original issuance of the Bonds and other documents and records relating to the issuance and sale of the Bonds. In addition, we have relied upon certificates and letters of officials of the City, the Original Purchaser and Co-Bond Counsel. However, we have not independently investigated or

KUTAK ROCK LLP

City of Kansas City, Missouri

March 23, 2017

Page 2

verified the accuracy, completeness or fairness of any of the statements included in the Official Statement.

Based solely on the foregoing, we advise you that, although we have made no independent investigation or verification of the accuracy, fairness or completeness of, and do not pass upon or assume any responsibility for, the statements included in the Official Statement, during the course of the activities described in the preceding paragraph, no information came to the attention of the attorneys in our firm rendering legal services in connection with the issuance of the Bonds which causes us to believe that the Official Statement (except for information with respect to the financial statements, financial, statistical and numerical information, cash flows, forecasts, estimates, assumptions and expressions of opinion included therein, and the information in Appendix A, Appendix C and Appendix F in the Official Statement as to which we express no view), as of the date of this letter, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

This letter is issued to and for the sole benefit of the above addressees and is issued for the sole purpose of the transaction specifically referred to herein. No person other than the above addressees may rely upon this letter without our express prior written consent. This letter may not be utilized by you for any other purpose whatsoever and may not be quoted by you without our express prior written consent. We assume no obligation to review or supplement this letter subsequent to its date, whether by reasons of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason.

Very truly yours,

Kutak Rock LLP



Hardwick

Attorneys at Law

Celebrating

Years of Service

2405 Grand Boulevard, Suite 800 Kansas City, Missouri 64108 T: 816-221-9445

March 23, 2017

City of Kansas City, Missouri
Kansas City, Missouri

\$156,390,000
CITY OF KANSAS CITY, MISSOURI
SPECIAL OBLIGATION BONDS
consisting of:

\$31,610,000 Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A	\$19,185,000 Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B
\$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C	\$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D

Ladies and Gentlemen:

This letter is being delivered to you in connection with the sale of the above-referenced Series 2016 Bonds (the "Bonds") to J.P. Morgan Securities LLC (the "Original Purchaser") pursuant to a Bond Purchase Agreement dated March 8, 2017, by and between the Original Purchaser, acting on its own behalf and on behalf of the other underwriters listed therein, and the City of Kansas City, Missouri (the "City").

In our capacity as disclosure counsel to the City, we have assisted the City in the preparation of the Official Statement dated March 8, 2017 (the "Official Statement"), used in connection with the initial issuance and sale of the Bonds. Capitalized terms used, but not defined herein, shall have the meanings set forth in the Official Statement.

In the course of such participation we have reviewed information furnished to us by, and have participated in conferences with representatives of the City and its financial advisor. We have also reviewed the documents, certificates and opinions delivered to the Original Purchaser and the City in connection with the original issuance of the Bonds and other documents and records relating to the issuance and sale of the Bonds. In addition, we have relied upon certificates and letters of officials of the City, the Original Purchaser and Co-Bond Counsel. However, we have not independently investigated or verified the accuracy, completeness or fairness of any of the statements included in the Official Statement.

Based solely on the foregoing, we advise you that, although we have made no independent investigation or verification of the accuracy, fairness or completeness of, and do not pass upon or assume any responsibility for, the statements included in the Official Statement, during the course of the activities

City of Kansas City, Missouri
March 23, 2017
Page 2

described in the preceding paragraph, no information came to the attention of the attorneys in our firm rendering legal services in connection with the issuance of the Bonds which causes us to believe that the Official Statement (except for information with respect to the financial statements, financial, statistical and numerical information, cash flows, forecasts, estimates, assumptions and expressions of opinion included therein, and the information in Appendix A, Appendix C and Appendix F in the Official Statement as to which we express no view), as of the date of this letter, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

This letter is issued to and for the sole benefit of the above addressees and is issued for the sole purpose of the transaction specifically referred to herein. No person other than the above addressees may rely upon this letter without our express prior written consent. This letter may not be utilized by you for any other purpose whatsoever and may not be quoted by you without our express prior written consent. We assume no obligation to review or supplement this letter subsequent to its date, whether by reasons of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason.

Very truly yours,

Nardwick Law Firm, LLC



March 23, 2017

J.P. Morgan Securities LLC, as representative of the
Underwriters
Chicago, Illinois

Re: \$31,610,000 City of Kansas City, Missouri Taxable Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017A (the "Series 2017A Bonds")

\$19,185,000 City of Kansas City, Missouri Special Obligation Bonds (Kansas City, Missouri Projects) Series 2017B (the "Series 2017B Bonds")

\$89,410,000 City of Kansas City, Missouri Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the "Series 2017C Bonds")

\$16,185,000 City of Kansas City, Missouri Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D (the "Series 2017D Bonds," together with the Series 2017A Bonds, the Series 2017B Bonds and the Series 2017C Bonds, the "Bonds")

Ladies and Gentlemen:

We have served as special counsel to J.P. Morgan Securities LLC, for itself and as representative of the other original purchasers (collectively, the "Underwriters"), in connection with the sale of the Bonds by the City of Kansas City, Missouri (the "City") to the Underwriters pursuant to the terms of the Bond Purchase Agreement, dated March 8, 2017 (the "Bond Purchase Agreement"), between the City and the Underwriters. Each term used herein and not otherwise defined herein shall have the meaning ascribed to it in the Bond Purchase Agreement.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of the following:

- (a) the Indentures;
- (b) the Official Statement dated March 8, 2017 relating to the Bonds (the "Official Statement"); and
- (c) the legal opinions of (i) Kutak Rock LLP and Hardwick Law Firm, LLC, Co-Bond Counsel, (ii) the Office of the City Attorney of the City, counsel to the City, and (iii) Kutak Rock LLP and Hardwick Law Firm, LLC, co-disclosure counsel to the City, all of even date herewith.

In addition, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of all such other agreements, certificates, records of proceedings, instruments and documents of the City, public officials and other persons as we have deemed appropriate. In such examination, we have assumed, but have not independently verified, that the signatures on all opinions, certificates and other documents that we have examined are genuine.

March 23, 2017

Page 2

In connection with our rendering legal advice and assistance to the Underwriters, we have generally reviewed information furnished to us by, and have participated in discussions and conferences with, representatives of the City and City Attorney's office who acts as their counsel, representatives of FirstSouthwest, a Division of Hilltop Securities, Inc., and Moody Reid Financial Advisors, co-financial advisor to the City, Hardwick Law Firm, LLC and Kutak Rock LLP, co-bond counsel and co-disclosure counsel to the City, and we have relied upon certificates of officials of the City and of other public officials and persons furnished to us without undertaking to verify the same by independent investigation. Based upon such participation, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, we have no reason to believe that the Official Statement (except for financial and statistical data, and assumptions or projections included in the Official Statement and the Appendices thereto and the information under the captions "LITIGATION" and "TAX MATTERS" as to which we express no view or opinion), as of its date and as of this date contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Because the primary purpose of our professional engagement was not to establish factual matters and because of the wholly or partially nonlegal character of many of the determinations involved in the preparation of the Official Statement, we are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of such statements.

We are of the opinion that the continuing disclosure undertakings of the City contained in the Continuing Disclosure Undertaking complies in all material respects with the requirement of SEC Rule 15c-2-12(b)(5) which requires an undertaking for the benefit of the holders, including beneficial owners, of the Bonds to provide certain annual financial information, event notices and certain additional information to various information repositories at the time and in the manner required by the Rule.

We are members of the Bar of the State of Missouri and the opinions contained herein are limited to the laws of the State of Missouri and the Federal laws of the United States of America.

This opinion is delivered to you for use by the Underwriters only and may not be used or relied upon by, or published or communicated to, any third party for any purpose whatsoever without our prior written approval in each instance.

Sincerely yours,

A handwritten signature in cursive script that reads "Bryan Cave LLP".

BRYAN CAVE LLP



Office of the City Attorney

28th Floor, City Hall
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Kansas City, Missouri 64106

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March 23, 2017

City of Kansas City, Missouri
Kansas City, Missouri

Kutak Rock LLP
Kansas City, Missouri

Hardwick Law Firm LLC
Kansas City, Missouri

UMB Bank, N.A.
Kansas City, Missouri

J.P. Morgan Securities LLC, as representative of the purchasers
Chicago, Illinois

Re: \$31,610,000 Taxable Special Obligation Bonds (Kansas City, Missouri, Projects) Series 2017A (the "Series 2017A Bonds"), \$19,185,000 Special Obligation Bonds (Kansas City, Missouri, Projects) Series 2017B (the "Series 2017B Bonds"), \$89,410,000 Special Obligation Refunding Bonds (Kansas City Downtown Redevelopment District) Series 2017C (the "Series 2017C Bonds"), and \$16,185,000 Special Obligation Refunding Bonds (Midtown Redevelopment Project) Series 2017D (the "Series 2017D Bonds"). (Collectively, the Series 2017A Bonds, the Series 2017B Bonds, the Series 2017C Bonds, and the Series 2017D Bonds are referred to herein as the "Bonds").

Ladies and Gentlemen:

The Office of the City Attorney has acted as counsel to the City of Kansas City, Missouri (the "Issuer") in connection with the issuance and sale of the above-captioned bonds (the "Bonds"). The Bonds are issued pursuant to the Constitution and statutes of the State of Missouri, including particularly the Charter of the City, as amended (the "City Charter"), and Ordinance No. 170132, by the Council of the City on February 23, 2017 (the "Ordinance"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned them in the Trust Indenture dated as of March 1, 2017 (the "Series 2017A and B Indenture") by and between the Issuer and UMB Bank, N.A., as Trustee (the "Trustee") relating to the Series 2017A Bonds and the Series 2017B Bonds. Capitalized words and terms used herein with respect to the Series 2017C Bonds, unless otherwise defined herein or the context requires otherwise, shall have the same meanings as ascribed to such words and terms in the Trust Indenture dated as of March 1, 2017 (the "Series 2017C Indenture"), by and between the Issuer and UMB Bank, N.A., as Trustee relating to the Series 2017C Bonds. Capitalized words and terms used herein with respect to the Series 2017D Bonds, unless otherwise defined herein or the context requires otherwise, shall have the same meanings as ascribed to such words and terms in the Trust Indenture dated as of March 1, 2017 (the "Series 2017D Indenture"), by and between the Issuer and UMB Bank, N.A., as Trustee relating to the Series 2017D Bonds. The Series 2017A and B Indenture, the Series 2017C Indenture and the Series 2017D Indenture are referred to collectively herein as the "Indentures."

We have reviewed and examined such proceedings and documents with respect to the Bonds and such records, certificates and other documents as necessary or appropriate for the purposes of this opinion, including the City Charter, the Ordinance, the Preliminary Official Statement dated March 2, 2017, and the Official Statement dated March 8, 2017, relating to the Bonds (together, the "Official Statement"), the Series 2017A and B Indenture, the Series 2017C Indenture, the Series 2017D Indenture, the Bond Purchase Agreement dated March 8, 2017, the Continuing Disclosure Undertaking, the Series 2005A Escrow Trust Agreement, the Series 2007A Escrow Trust Agreement, the Tax Compliance Agreements relating to the Series 2017B, Series 2017C and Series 2017D Bonds are herein referred to as the "Bond Documents."

On the basis of the foregoing, we are of the opinion that:

1. The City is a municipal corporation and constitutional charter city duly organized and validly existing under the Constitution and laws of the State of Missouri and has duly approved (a) the issuance, delivery and sale by the City of the Bonds, and (b) the execution, delivery and performance of, and the consummation of the transaction contemplated by, the Bond Documents. The City has full legal right, power and authority (A) to enter into, execute and deliver the Bond Documents and all documents required thereunder and under the Bond Purchase Agreement to be executed and delivered by the City, (B) to sell, issue and deliver the Bonds to the Underwriters as provided in the Bond Purchase Agreement, and (C) to carry out and consummate the transactions contemplated by the Bond Documents and the Official Statement, and the City has complied, and is on the date hereof in compliance in all material respects, with the terms of the Ordinance and the Bond Documents as they pertain to such transactions.

2. By all necessary official action of the City, the City has duly authorized all necessary action to be taken by it for (a) the adoption of the Ordinance and the issuance and sale of the Bonds, (b) the approval, execution and delivery of, and the performance by the City of the obligations on its part contained in, the Bonds and the Bond Documents, and (c) the consummation by it of all other transactions contemplated by the Official Statement, the Bond Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the City in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement.

3. The Ordinance was duly passed at meetings of the City Council of the City, which were called and held pursuant to law, with all public notice required by law and at which meetings a quorum was present and acting throughout, and the ordinance is in full force and effect and has not been modified or rescinded since the date of its passage. The Ordinance, the Indentures and all other proceedings pertinent to the validity and enforceability of the Bonds have been duly and validly adopted or undertaken in compliance with all applicable procedural requirements of the City and in compliance with the Constitution and laws of the State.

4. The Bond Documents to which the City is a party have been duly authorized, executed and delivered by the City, and assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the City enforceable in accordance with their respective terms; except to the extent that the enforceability of such documents may be limited by bankruptcy, insolvency, reorganization, moratorium, general equitable principles (including the exercise of judicial discretion in accordance with such principles) and other laws relating to or affecting creditors' rights generally. The Bonds, when issued, delivered and paid for, in accordance with the Indentures and the Bond Purchase Agreement, will constitute legal, valid and binding obligations of the City entitled to the benefits of the related Indenture and enforceable in accordance with their respective terms, except to the extent that the enforceability of such documents may be limited by bankruptcy, insolvency, reorganization, moratorium, general equitable principles (including the exercise of judicial discretion in accordance with such principles) and other laws relating to or affecting creditors' rights generally. Upon the issuance, authentication and delivery of the Bonds as aforesaid, the related Indenture will provide, for the benefit of the holders, from time

to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth therein.

5. All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the City of its obligations under the Bond Documents and the Bonds have been obtained.

6. To the best of our knowledge after due inquiry, the execution and delivery of the Bonds and the Bond Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a material breach of or default under any agreement or other instrument to which the City is a party, or any existing law, ordinance, administrative regulation, court order or consent decree to which the City is subject.

7. There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best of our knowledge after due inquiry, threatened against the City, affecting the corporate existence of the City or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds pursuant to the Ordinance and the related Indenture or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Documents, or contesting the exclusion from gross income of interest on the Series 2017B Bonds, the Series 2017C Bonds or the Series 2017D Bonds for federal or State income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the City or any authority for the issuance of the Bonds, the adoption of the Ordinance or the execution and delivery of the Bond Documents, nor, to the best of our knowledge, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds, or the Bond Documents.

8. The distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the City.

9. Based upon our experience as counsel to the City and our review of the Official Statement, and after diligent inquiry, the information contained in the Official Statement relating to the City is correct in all material respects, and nothing has come to our attention which would lead us to believe that such information contains any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

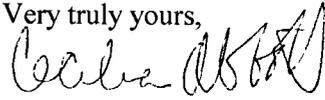
This opinion is rendered solely for your benefit and may not be relied upon or used, nor its benefit claimed by any other person, entity, or for any other purpose, without our prior written consent.

In rendering the foregoing opinions, we have assumed the due authorization, execution and delivery of the Bond Documents by the parties thereto other than the City and the due authentication and delivery of the respective Bonds by the Trustee.

We call to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result.

We do not undertake to advise you of matters which may come to our attention subsequent to the date hereof which may affect the legal opinions expressed herein.

Very truly yours,

A handwritten signature in black ink, appearing to read "Cecilia Abbott". The signature is fluid and cursive, with a large, stylized initial "C" and "A".

Cecilia Abbott
City Attorney