TRANSCRIPT OF PROCEEDINGS

AUTHORIZING THE ISSUANCE

OF THE

$5,580,000
CITY OF HARRISONVILLE, MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT
AND SALES TAX REFUNDING REVENUE BONDS
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

CLOSING DATE: April 26, 2018

Legal Opinion:
Bryan Cave Leighton Paisner LLP
Kansas City, Missouri

CLOSING MEMORANDUM

$5,580,000
CITY OF HARRISONVILLE, MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT AND SALES TAX REFUNDING REVENUE BONDS (HARRISONVILLE TOWNE CENTER PROJECT) SERIES 2018

This Memorandum sets forth the actions to be taken in connection with the issuance, sale and delivery by the City of Harrisonville, Missouri of its Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2018 in the principal amount of $5,580,000 (the "**Series 2018 Bonds**" or the "**Bonds**"). The documents and actions described herein and in the Closing List 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 transaction will be considered to have been completed until all such deliveries, payments or other actions have been made or taken.

The preclosing is scheduled for 2:00 p.m. on Wednesday, April 25, 2018 at the offices of Bryan Cave Leighton Paisner LLP, 3800 One Kansas City Place, 1200 Main Street, Kansas City, Missouri. The closing is scheduled for Thursday, April 26, 2018, at 9:00 a.m., at the offices of Bryan Cave Leighton Paisner LLP. The items set forth on the Closing List will be examined, assembled and incorporated in the transcripts evidencing the authorization and issuance of the Bonds. Copies of the transcript will be prepared and distributed to the following:

1. City of Harrisonville, Missouri (the "City").
2. McLiney And Company (the "Financial Advisor").
3. Stifel, Nicolaus & Company, Incorporated (the "Underwriter").
4. Security Bank of Kansas City ("Trustee").
5. Bryan Cave Leighton Paisner LLP ("Bond Counsel" and "City Special Counsel").
6. Gilmore & Bell, P.C. ("Underwriter's Counsel").

$5,580,000
CITY OF HARRISONVILLE, MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT AND SALES TAX REFUNDING REVENUE BONDS (HARRISONVILLE TOWNE CENTER PROJECT) SERIES 2018

Closing: April 26, 2018

CLOSING LIST

Document No.	
	BASIC DOCUMENTS
1.	Trust Indenture.
2.	Preliminary Official Statement.
3.	Final Official Statement.
4.	Specimen Bonds.
5.	Tax Compliance Agreement.
	- Exhibit A – IRS Form 8038
6.	Continuing Disclosure Agreement.
7.	Purchase Contract.
8.	Redevelopment Agreement
9.	TDD Cooperative Agreement, including First Amendment.
	DOCUMENTS DELIVERED BY THE CITY
10.	Ordinance authorizing issuance of the Bonds.
11.	City's Closing Certificate.
	DOCUMENT DELIVERED BY THE TDD
12.	District's Closing Certificate.
	DOCUMENT DELIVERED BY THE TRUSTEE
13.	Trustee's Closing Certificate.
	DOCUMENTS DELIVERED BY THE UNDERWRITER
14.	Purchaser's Receipt for Bonds and Closing Certificate.
15.	Closing Memorandum.
	REDEMPTION DOCUMENTS
16.	Conditional Notice of Optional Redemption.
17.	Trustee Conditional Notice of Redemption to Bondowners.

Document No.	
18.	Trustee Redemption Certificate.
19.	Material Event Notice.
20.	Defeasance Opinion.
21.	Verification Report.

MISCELLANEOUS CLOSING DOCUMENTS

22.	DTC Letter of Representations.
23.	Rating Letter.

LEGAL OPINIONS

24.	Approving Legal Opinion of Bond Counsel.
25.	Supplemental Opinion of Bond Counsel.
26.	Opinion of Special Counsel to the City.
27.	Opinion of Underwriter's Counsel.

TRUST INDENTURE

dated as of April 1, 2018

by and between

CITY OF HARRISONVILLE, MISSOURI

and

SECURITY BANK OF KANSAS CITY,
as Trustee

relating to

$5,580,000
CITY OF HARRISONVILLE, MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT
AND SALES TAX REFUNDING REVENUE BONDS
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS; RULES OF CONSTRUCTION 3
Section 101. Definitions of Words and Terms 3
Section 102. Rules of Construction 8
ARTICLE II THE BONDS 9
Section 201. Terms of Bonds 9
Section 202. Nature of Obligations 10
Section 203. Execution, Authentication and Delivery of Bonds 11
Section 204. Registration, Transfer and Exchange 12
Section 205. Mutilated, Destroyed, Lost and Stolen Bonds 14
Section 206. Cancellation of Bonds 14
Section 207. Book-Entry Bonds; Securities Depository 14
ARTICLE III REDEMPTION AND TENDER OF BONDS 15
Section 301. Redemption of Bonds Generally 15
Section 302. Redemption of Bonds 15
Section 303. Selection of Bonds to be Redeemed 15
Section 304. Notice of Redemption of Bonds 16
Section 305. Effect of Call for Redemption 17
ARTICLE IV FUNDS AND REVENUES 17
Section 401. Creation of Funds; Application of Bond Proceeds and other Moneys 17
Section 402. Deposit of Bond Proceeds and Other Funds 18
Section 403. Project Fund 18
Section 404. Revenue Fund 18
Section 405. Debt Service Fund 20
Section 406. Reserved 20
Section 407. Rebate Fund 20
Section 408. Payments Due on Non-Business Days 20
Section 409. Nonpresentment of Bonds 20
ARTICLE V SECURITY FOR DEPOSITS AND INVESTMENT OF MONEYS 21
Section 501. Moneys to be Held in Trust 21
Section 502. Investment of Moneys 21
ARTICLE VI PARTICULAR COVENANTS AND PROVISIONS 21
Section 601. Authority to Issue Bonds and Execute Indenture 21
Section 602. Covenant to Request Appropriations 22
Section 603. Performance of Covenants 22
Section 604. Instruments of Further Assurance 22
Section 605. General Limitation on Authority Obligations 22
Section 606. Recording and Filing 22
Section 607. Possession and Inspection of Books and Documents 23
Section 608. Tax Covenants 23
Section 609. Continuing Disclosure 23
ARTICLE VII DEFAULT AND REMEDIES 24
Section 701. Events of Default 24
Section 702. Acceleration 24
Section 703. Surrender of Possession of Trust Estate; Rights and Duties of Trustee in Possession 25
Section 704. Appointment of Receivers in Event of Default 25
Section 705. Exercise of Remedies by the Trustee 25
Section 706. Limitation on Exercise of Remedies by Owners 26
Section 707. Right of Owners to Direct Proceedings 26
Section 708. Application of Moneys in Event of Default 26

Section 709. Remedies Cumulative 27
Section 710. Delay or Omission Not Waiver 27
Section 711. Effect of Discontinuance of Proceedings 27
Section 712. Waivers of Events of Default 28
ARTICLE VIII THE TRUSTEE 28
Section 801. Acceptance of Trusts 28
Section 802. Fees, Charges and Expenses of the Trustee 31
Section 803. Notice of Default 31
Section 804. Intervention by the Trustee 31
Section 805. Successor Trustee Upon Merger, Consolidation or Sale 31
Section 806. Resignation or Removal of Trustee 31
Section 807. Appointment of Successor Trustee 32
Section 808. Qualifications of Trustee and Successor Trustees 32
Section 809. Vesting of Trusts in Successor Trustee 32
Section 810. Trust Estate May be Vested in Co-Trustee 33
Section 811. Annual Statement 33
Section 812. Paying Agents; Registrar; Appointment and Acceptance of Duties; Removal 33
ARTICLE IX SATISFACTION AND DISCHARGE OF THE INDENTURE 33
Section 901. Satisfaction and Discharge of the Indenture 33
Section 902. Bonds Deemed to Be Paid 34
ARTICLE X SUPPLEMENTAL INDENTURES 34
Section 1001. Supplemental Indentures Not Requiring Consent of Owners 34
Section 1002. Supplemental Indentures Requiring Consent of Owners 35
Section 1003. Opinion of Bond Counsel 36
Section 1004. Notice to Rating Agency 36
ARTICLE XI MISCELLANEOUS PROVISIONS 36
Section 1101. Consents and Other Instruments by Owners 36
Section 1102. Notices 37
Section 1103. Limitation of Rights Under the Indenture 37
Section 1104. Suspension of Mail Service 38
Section 1105. Business Days 38
Section 1106. Immunity of Officers, Employees and Members of Authority 38
Section 1107. No Sale 38
Section 1108. Severability 38
Section 1109. Execution in Counterparts 38
Section 1110. Governing Law 38
Section 1111. Electronic Transactions 38

Exhibit A - Form of Bond
Exhibit B - Form of Written Request

TRUST INDENTURE

THIS TRUST INDENTURE, made and entered into as of April 1, 2018 (this "***Indenture***"), by and between the **CITY OF HARRISONVILLE, MISSOURI**, a city of the fourth class and political subdivision duly organized and existing under the laws of the State of Missouri (the "***City***"), and **SECURITY BANK OF KANSAS CITY**, a state banking corporation duly organized and existing and authorized to accept and execute trusts of the character herein set out under the laws of the Missouri, and having a corporate trust office located in Kansas City, Kansas, as trustee (the "***Trustee***");

RECITALS:

1. The City is authorized and empowered under the provisions of Sections 99.800 to 99.865, inclusive, of the Missouri Revised Statutes, as amended (the "***Act***"), to issue obligations to provide for the payment of redevelopment project costs (as defined in the Act).

2. The City, pursuant to the terms of that certain Trust Indenture, dated as of December 1, 2005 (the "***Series 2005 Indenture***"), between the City and Commerce Bank, N.A., as trustee (the "***Series 2005 Notes Trustee***"), previously issued its $6,860,000 aggregate principal amount of Tax Increment Financing Improvement Revenue Notes (Harrisonville Towne Center Project) Series 2005 (the "***Series 2005 Notes***"), which were refunded in full in connection with the issuance of the Series 2007 Bonds (as defined herein), in order to finance the Project (as herein defined).

3. The City, pursuant to the terms of that certain Trust Indenture, dated as of June 1, 2007 (the "***Series 2007 Indenture***"), between the City and Commerce Bank (successor to Commerce Bank, N.A.), as trustee (the "***Series 2007 Bond Trustee***"), previously issued its $8,630,000 original principal amount of Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue (Harrisonville Towne Center Project) Series 2007 (the "***Series 2007 Bonds***"), $6,240,000 of which remain outstanding, for the purpose of refunding the Series 2005 Notes and refinancing the Project, fund a debt service reserve fund for the Series 2007 Bonds, provide for capitalized interest on the Series 2007 Bonds and pay costs of issuance incurred in connection with the Issuance of the Series 2007 Bonds.

4. The City has determined that it is in the best interests of the City to refinance the Project through the redemption in full of the Series 2007 Bonds outstanding with a portion of the proceeds of the Bonds (as hereinafter defined).

5. The City has agreed to issue its Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2018 in the principal amount of $5,580,000 (the "***Bonds***") to provide funds to (a) currently refund the outstanding Series 2007 Bonds, and (b) pay costs of issuance incurred in connection with the issuance of the Bonds.

6. The City has agreed to annually appropriate an amount equal to the Economic Activity Taxes (as defined in the Redevelopment Agreement) and any required City Revenues (as defined herein) and to forward such funds to the Trustee and the City has agreed to forward to the Trustee monies on deposit from time to time in the Special Allocation Fund established pursuant to the Plan.

7. Pursuant to an ordinance (the "***Bond Ordinance***") adopted by the Board of Alderman of the City on April 16, 2018, the City is authorized to execute and deliver this Indenture for the purpose of issuing and securing the Bonds as hereinafter provided.

8. The City has determined that it is in the best interests of the City to issue the Bonds to refinance costs related to the Project and pay costs related to the issuance of the Bonds.

9. All things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, 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 herein made for the security of the payment of the principal of and interest on the Bonds issued hereunder, 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 hereof, have in all respects been duly authorized.

NOW THEREFORE, THIS INDENTURE WITNESSETH:

GRANTING CLAUSES

That the City, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Bonds according to their tenor and effect and to secure the performance and observance by the City of all the covenants, agreements and conditions herein and in the Bonds contained, does hereby transfer, pledge and assign, without recourse, to the Trustee and its successors and assigns in trust forever, and does hereby grant a security interest unto the Trustee and its successors in trust and its assigns, in and to all and singular the property described in paragraphs (a) and (b) below (said property being herein referred to as the "***Trust Estate***"), to wit:

(a) All Pledged Revenues; and

(b) All moneys and securities from time to time held by the Trustee under the terms of this Indenture (except payments required to be made to meet the requirements of Section 148(f) of the Code, as defined below, whether or not held in the Rebate Fund, as defined below) 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 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.

TO HAVE AND TO HOLD, all and singular, the Trust Estate with all rights and privileges hereby transferred, pledged, assigned and/or granted or agreed or intended so to be, to the Trustee and its successors and assigns in trust forever;

IN TRUST NEVERTHELESS, upon the terms and conditions herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of the Bonds Outstanding, without preference, priority or distinction as to participation in the lien, benefit and protection hereof of one Bond over or from the others, except as herein otherwise expressly provided;

PROVIDED, NEVERTHELESS, and these presents are upon the express condition, that if the City or its successors or assigns pays or causes to be paid the principal of such Bonds with interest, according to the provisions set forth in the Bonds, or provides for the payment or redemption of such Bonds by depositing or causing to be deposited with the Trustee the entire amount of funds or securities required for payment or redemption thereof when and as authorized by the provisions of **Article IX** hereof, and also pays or causes to be paid all other sums payable hereunder by the City, then these presents and the estate and rights hereby granted shall cease, terminate and become void; otherwise this Indenture shall be and remain in full force;

THIS INDENTURE FURTHER WITNESSETH, and it is hereby expressly declared, covenanted and agreed by and between the parties hereto, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and that all the Trust Estate is to be held and applied under, upon and

subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the City does hereby agree and covenant with the Trustee and with the respective Owners from time to time of the Bonds, as follows:

ARTICLE I
DEFINITIONS; RULES OF CONSTRUCTION

Section 101. Definitions of Words and Terms. In addition to words and terms elsewhere defined herein, the following words and terms as used in this Indenture shall have the following meanings, unless some other meaning is plainly intended:

"***Authorized City Representative***" means the Mayor, the City Administrator, the City's Director of Finance, or such other Person at the time designated to act on behalf of the City as evidenced by written certificate furnished to the Trustee containing the specimen signature of such Person and signed on behalf of the City by an Authorized City Representative. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized City Representative.

"***Bond Counsel***" means Bryan Cave LLP or any other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing and experienced in matters relating to the tax exemption of interest payable on obligations of states and their instrumentalities and political subdivisions, and which is selected by the City and acceptable to the Trustee.

"***Bond Ordinance***" means the ordinance of the City adopted on April 16, 2018, authorizing the execution and delivery of this Indenture and the issuance of the Bonds.

"***Bonds***" means the City's Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2018 in the aggregate principal amount of $5,580,000.

"***Book-Entry System***" means the book-entry system maintained by the Securities Depository described in **Section 208** of this Indenture.

"***Business Day***" means any day other than a Saturday, Sunday or any other day on which banking institutions in the city in which the principal corporate trust office of the Trustee is located are required or authorized by law to close.

"***City***" means the City of Harrisonville, Missouri, is a city of the fourth class and political subdivision duly organized and existing under the laws of the State of Missouri, together with its successor and assigns.

"***City Revenues***" means all legally available funds appropriated by the City pursuant to **Section 602** of this Indenture for the payment of the principal of and interest on the Bonds, excluding TIF Revenues, that are deposited into the City Revenues Account of the Revenue Fund.

"***Code***" means the Internal Revenue Code of 1986, as amended, and the applicable regulations, temporary regulations and proposed regulations thereunder.

"***Commission***" means the Tax Increment Financing Commission of Harrisonville, Missouri, a tax increment financing commission duly organized and existing under the laws of the State of Missouri, together with its successor and assigns.

"***Continuing Disclosure Agreement***" means the Continuing Disclosure Agreement, dated as of the date hereof, between the City and the Trustee, as dissemination agent thereunder, as from time to time amended.

"***Costs of Issuance***" means issuance costs with respect to the Bonds that are permitted under the Act to be paid out of proceeds of the Bonds, including but not limited to the following: 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); counsel fees (including bond counsel, underwriter's counsel and City's counsel as well as any other specialized counsel fees incurred in connection with the borrowing); financial advisor fees of any financial advisor to the City incurred in connection with the issuance of the Bonds; rating agency fees; bond insurance premiums and liquidity fees, trustee, escrow agent and paying agent fees; accountant fees and other expenses related to issuance of the Bonds; printing costs (for the Bonds and of any official statement relating to the Bonds); and fees and expenses of the City incurred in connection with the issuance of the Bonds.

"***Debt Service Fund***" means the fund by that name created in **Section 401** hereof.

"***Debt Service Requirements***" means for any period of time for which calculated, the aggregate of the payments to be made during such period in respect of principal (whether at maturity or otherwise) and interest on Bonds; provided that such payments are excluded from Debt Service Requirements to the extent that cash or Investment Securities are on deposit in an irrevocable escrow or trust account and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay principal or interest on the Bonds and are sufficient to pay such principal or interest.

"***Event of Default***" means any event or occurrence as defined in **Section 701** hereof.

"***Financing Documents***" means this Indenture, the Bonds, the Purchase Contract, the Continuing Disclosure Agreement, the Redevelopment Agreement, the TDD Agreement, 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.

"***Fiscal Year***" means the fiscal year adopted by the City for accounting purposes, which as of the execution of this Indenture commences on January 1 and ends on December 31.

"***Force Majeure***" means strikes, lockouts, other labor or industrial disturbances, civil disturbances, future valid orders of any governmental authorities, act of the public enemy, war, riot, sabotage, blockade, embargo, failure or inability to secure material or labor by reason of priority or similar regulation or orders of any governmental authorities, lightning, earthquake, fire, storm, hurricane, flood, washout, explosion, act of God, or any other similar cause.

"***Government Securities***" means direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America and backed by the full faith and credit thereof.

"***Immediate Notice***" means notice given no later than the close of business on the date required by the provisions of this Indenture by telegram, telex, telecopier or other telecommunication device to such phone numbers or addresses as are specified in **Section 1102** hereof or such other phone number or address as the addressee shall have directed in writing, the receipt of which is confirmed by telephone, promptly followed by written notice by first-class mail, postage prepaid to such addressees.

"***Interest Payment Date***" means each May 1 and November 1 commencing November 1, 2018.

"***Investment Securities***" means any of the following securities purchased in accordance with **Section 502** hereof, if and to the extent the same are at the time legal for investment of the funds being invested:

(a) Government Securities;

(b) bonds, notes or other obligations of the State, or any political subdivision of the State, that at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service;

(c) repurchase agreements with any bank, bank holding company, savings and loan association, trust company, or other financial institution organized under the laws of the United States or any state, including, without limitation, the Trustee or any of its affiliates, that are continuously and fully secured by any one or more of the securities described in clause (a) or (b) above and have a market value at all times at least equal to the principal amount of such repurchase agreement and are held in a custodial or trust account for the benefit of the City;

(d) obligations of Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Corporation, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Corporation;

(e) certificates of deposit or time deposits or demand deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States or any state, including, without limitation, the Trustee or any of its affiliates, provided that such certificates of deposit or time deposits or demand deposits shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities as are described above in clauses (a) through (c) above, inclusive, which shall have a market value at all times at least equal to the principal amount of such certificates of deposit or time deposits;

(e) investment agreements constituting an obligation of a bank, bank holding company, savings and loan association, trust company, insurance company or other financial institution whose outstanding unsecured short-term debt is rated at the time of such agreement in the highest rating category by a nationally recognized rating agency or whose outstanding unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating agency;

(f) short term discount obligations of the Federal National Mortgage Association and the Government National Mortgage Association;

(g) commercial paper which is rated at the time of purchase in the single highest classification by a nationally recognized rating agency, and maturing not more than 270 days after the date of purchase; and

(h) money market mutual funds that are invested in Government Securities and repurchase agreements with respect to such obligations and

(i) any other securities or investments that are lawful for the investment of moneys held in such funds or accounts under the laws of the State and are approved by 100% of the Owners.

"***Issue Date***" means April 26, 2018.

"***Net Proceeds***" means all moneys on deposit (including investment earnings thereon) in (i) the PILOT Account of the Special Allocation Fund for Redevelopment Project Area I, (ii) subject to annual appropriation by the City, the Economic Activity Account of the Special Allocation Fund for Redevelopment Project Area I, (iii) the Net TDD Sales Tax revenues transferred by the TDD to the Trustee and on deposit in the TDD Sales Tax Account of the Revenue Fund, and (iv) any City Revenues on deposit in the City Revenues Account of the Revenue Fund. Net Proceeds do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, and (ii) any sum which is the subject of a suit or other claim which suit or claim challenges the collection of such sum.

"***Net TDD Sales Tax***" means, subject to annual appropriation by the Board of Directors of the TDD, the amount of TDD Sales Tax revenues received from the Missouri Department of Revenue and deposited into the TDD Sales Tax Trust Fund, after deducting (i) one percent (1%) of the total TDD Sales Tax received from the Department of Revenue payable to the City for an administrative fee, (ii) the Economic Activity Tax Revenues that are transferred to the City for deposit into the TDD Sales Tax Account of the Special Allocation Fund, and (iii) such additional amounts as needed for the City to maintain a balance of $1,000 in funds available to the City to enforce collection of the TDD Sales Tax, which Net TDD Sales Tax revenues the TDD will transfer, or cause to be transferred, to the Trustee for deposit into the TDD Sales Tax Account of the Revenue Fund pursuant to **Section 404** of this Indenture. Net TDD Sales Tax revenues do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer and (ii) any sum received by the TDD which is the subject of a suit or other claim communicated to the TDD which suit or claim challenges the collection of such sum.

"***Official Statement***" means, collectively, the Preliminary Official Statement dated April 9, 2018 and the final Official Statement dated April 16, 2018 relating to the issuance and sale of the Bonds.

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

"***Original Purchaser***" means Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri.

"***Outstanding***" means when used with reference to Bonds, as of a particular date, all Bonds theretofore authenticated and delivered under this Indenture except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Bonds which are deemed to have been paid in accordance with **Section 902** hereof;

(c) Bonds alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in **Section 206** hereof; and

(d) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to this Indenture.

"***Owner***" or "***Registered Owner***" means the Person in whose name any Bond is registered on the Register.

"***Paying Agent***" means the Trustee and any other bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated by this Indenture as paying agent for the Bonds at which the principal of and interest on such Bonds shall be payable.

"***Payment Date***" means any Interest Payment Date or a maturity date or any other date on which the principal of or interest on the Bonds is payable.

"***Person***" means any natural person, firm, partnership, association, corporation, limited liability company or public body.

"***Pledged Revenues***" means all Net Proceeds and all moneys held in the Revenue Fund, the Debt Service Fund, and the Project Fund under this Indenture, together with investment earnings thereon.

"***Plan***" means the Harrisonville Towne Center Tax Increment Financing Plan recommended by the Commission on September 14, 2005 and approved by the City on October 3, 2005, as such may be amended and supplemented in accordance with the Act and the terms thereof.

"***Project***" means acquisition, construction and improvement of a portion of Redevelopment Area – Project I (as defined in the Redevelopment Area as contemplated by the Plan), including, but not limited to the acquisition, construction and improvement of the sanitary sewer, public water, roadway and storm water improvements set forth on Exhibit E to the Redevelopment Agreement.

"***Project Fund***" means the fund by that name created in **Section 401** hereof.

"***Purchase Contract***" means the Bond Purchase Agreement relating to the Bonds between the City and the Original Purchaser.

"***Rebate Fund***" means the fund by that name created in **Section 401** hereof.

"***Record Date***" for the interest payable on any Interest Payment Date means the 15th calendar day, whether or not a Business Day, of the month next preceding such Interest Payment Date.

"***Redeveloper***" means D. J. Christie, Inc., a Missouri corporation, together with its successors and assigns under the Redevelopment Agreement.

"***Redevelopment Agreement***" means the Redevelopment Agreement dated as of December 22, 2005 between the City and the Redeveloper, as such agreement may be amended and supplemented in accordance with the terms thereof.

"***Register***" means the registration books of the City kept by the Trustee to evidence the registration, transfer and exchange of Bonds.

"***Registrar***" means the Trustee when acting as such under this Indenture.

"***Revenue Fund***" means the fund by that name created in **Section 401** hereof.

"***Securities Depository***" means The Depository Trust Company, New York, New York, or is nominee, and its successor and assigns, acting as securities deposit under a Book-Entry System.

"***Special Allocation Fund***" means the Special Allocation Fund created for the Plan.

"***State***" means the State of Missouri.

"***Supplemental Indenture***" means any indenture supplemental or amendatory to this Indenture entered into by the City and the Trustee pursuant to **Article X** hereof.

"***Tax Compliance Agreement***" means the Tax Compliance Agreement, dated as of even date herewith, between the City and the Trustee, as from time to time amended in accordance with the provisions thereof.

"***TDD***" means The Harrisonville Towne Center Transportation Development District, a political subdivision of the State of Missouri, formed for the purpose of financing a portion of the costs of certain transportation improvements within and benefiting Redevelopment Project Area 1.

"***TDD Act***" means the Missouri Transportation Development District Act, Sections 238.200 through 238.280, inclusive, of the Revised Statutes of Missouri, as amended.

"***TDD Agreement***" means Cooperative Agreement, dated as of December 22, 2005, between the City and the TDD, as amended and supplemented in accordance with First Amendment to Cooperative Agreement, dated as of April 26, 2018, and as further amended and supplemented in accordance with the terms thereof.

"***TDD Improvements***" means those improvements that are part of Project and which are identified as such in the TDD Agreement.

"***TDD Sales Tax***" means, initially, the one percent (1%) sales and use tax approved by the voters in the TDD and a resolution of the Board of Directors of the TDD and levied pursuant to Section 238.235 of the Revised Statutes of Missouri, as amended, the proceeds of which the TDD will deposit into the TDD Sales Tax Trust Fund held by the TDD, or by the City on behalf of the TDD and which may be used to pay a portion of the costs of Project, including, upon transfer by the TDD to the Trustee pursuant to the terms of the TDD Agreement and this Indenture, to pay the principal of, premium, if any, and interest on that portion of the Bonds allocable to the TDD Improvements, subject to annual appropriation by the Board of Directors of the TDD.

"***TDD Sales Tax Trust Fund***" means the trust fund established by the TDD pursuant to the TDD Act that is held and administered by the TDD and into which the TDD will deposit all TDD Sales Tax revenues upon receipt thereof pursuant to the terms of the TDD Agreement.

"***TIF Revenues***" means, collectively, the Economic Activity Taxes and the Payments in Lieu of Taxes (as such terms are defined in the Redevelopment Agreement).

"***Trust Estate***" means the Trust Estate described in the granting clauses of this Indenture.

"***Trustee***" means Security Bank of Kansas City, Kansas City, Kansas, and its successor or successors and any other association or corporation 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:

(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 for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Indenture.

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

(e) 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 201. Terms of Bonds.

(a) Authorized Amount of Bonds. No bonds may be issued under the provisions of this Indenture except in accordance with this **Article II**. The total aggregate principal amount of Bonds that may be issued hereunder is expressly limited to $5,580,000. The Bonds shall be issued in one series for the purpose of providing funds to (i) currently redeem the outstanding Series 2007 Bonds, and (ii) pay Costs of Issuance.

(b) Title of Bonds. The Bonds authorized to be issued under this Indenture shall be designated "Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2018." The Bonds may have such further appropriate particular designation added to or incorporated in such title for the Bonds as the City may determine.

(c) Form of Bonds. The Bonds shall be issuable as fully-registered Bonds without coupons in substantially the form set forth in **Exhibit A** attached hereto, with such necessary or appropriate variations, omissions and insertions as are permitted or required by this Indenture, and 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 usage or requirement of law with respect thereto.

(d) Denominations. The Bonds shall be issuable as fully registered Bonds in the denomination of $5,000 or any integral multiple thereof.

(e) Numbering. Unless the City directs otherwise, the Bonds shall be numbered from R-1 consecutively upward in order of issuance and shall bear appropriate "CUSIP" identification numbers.

(f) Dating. The Bonds shall be dated as of the Issue Date.

(g) Principal and Interest. The Bonds shall become due on November 1 in the years and in the respective principal amounts (subject to prior redemption as hereinafter provided in **Article III**), and shall bear interest at the below specified rates (computed on the basis of a 360 day year of twelve (12) 30-day months) from the Issue Date or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each Interest Payment Date:

Serial Bonds

Maturity (November 1)	Principal Amount	Interest Rate
2018	$ 400,000	2.000%
2019	460,000	3.000
2020	470,000	3.000
2021	485,000	3.000
2022	500,000	3.000
2023	515,000	3.000
2024	500,000	3.000
2025	540,000	2.625
2026	555,000	2.750
2027	570,000	3.000
2028	585,000	3.000

(h) Method and Place of Payment. The Trustee shall act as paying agent for the purpose of effecting payment of the principal of, redemption premium, if any, and interest on the Bonds. 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, at 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 the 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 Register at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the principal corporate trust office or at such other office designated by the Trustee for such purpose. 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 Register at the close of business on the Record Date, (1) by check or draft of the Trustee mailed to such registered Owner at the address as it appears on the Register or at such other address as is furnished to the Trustee in writing by such Owner, or (2) by electronic transfer to such Owner upon written notice delivered to the Trustee not less than 15 days prior to the applicable Record Date and signed by such Owner containing electronic transfer instructions including the name of the bank, ABA routing number, and account name and account number to which such Owner wishes to have such transfer directed, together with an acknowledgement that an electronic transfer fee may be applicable.

(i) No Additional Obligations. The City will not issue any obligations on a parity with the Bonds.

Section 202. Nature of Obligations.

(a) The Bonds and the interest thereon shall be special, limited obligations of the City payable solely from the Pledged Revenues and other moneys pledged thereto and held by the Trustee as provided herein, 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.

(b) The Bonds and the interest thereon do not constitute a debt of the City, the TDD, the State or any political subdivision thereof, and do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

(c) Except as otherwise provided herein, no recourse shall be had for the payment of the principal of or interest on, any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Indenture contained, against any past, present or future member of the Board of Aldermen 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, and all such liability of any such member of the City, trustee, officer, official, employee or agent as such is hereby expressly waived and released as a condition of and in consideration for the execution of this Indenture and the issuance of any of the Bonds.

(d) **EXCEPT AS PROVIDED IN THE NEXT SENTENCE, THE OBLIGATIONS OF THE CITY TO TRANSFER TIF REVENUES TO THE TRUSTEE FOR THE REPAYMENT OF THE BONDS TERMINATES ON NOVEMBER 20, 2028, WHETHER OR NOT THE PRINCIPAL AMOUNT OR INTEREST ON THE BONDS HAS BEEN PAID IN FULL. NOTWITHSTANDING THE FOREGOING, THIS INDENTURE AND THE CITY'S OBLIGATION TO CONSIDER APPROPRIATIONS OF CITY REVENUES PURSUANT TO SECTION 602 OF THIS INDENTURE AND THE OBLIGATION OF THE TDD TO CONSIDER APPROPRIATIONS OF NET TDD SALES TAX REVENUES, RESPECTIVELY, PURSUANT TO THE TDD AGREEMENT, RESPECTIVELY, FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS, SHALL CONTINUE UNTIL THE PAYMENT IN FULL OF THE BONDS AND DISCHARGE OF THIS INDENTURE; PROVIDED, HOWEVER, THAT NEITHER THE CITY NOR THE TDD SHALL HAVE ANY LEGAL OBLIGATION TO MAKE ANY SUCH APPROPRIATIONS.**

Section 203. Execution, Authentication and Delivery of Bonds.

(a) The 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 official seal of the City affixed thereto or imprinted thereon. If any officer whose manual or facsimile signature appears on any Bond 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 are the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

(b) The Bonds shall have endorsed thereon a Certificate of Authentication substantially in the form set forth in **Exhibit A** hereto, which shall be manually executed by the Trustee. No Bond shall be entitled to any security or benefit under this Indenture or shall be valid or obligatory for any purpose unless and until such Certificate of Authentication has been duly executed by the Trustee by manual signature of an authorized officer or signatory of the Trustee. Such executed Certificate of Authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture. The Certificate of Authentication on any Bond shall be deemed to have been duly executed if signed by any authorized signatory of the Trustee, but it shall not be necessary that the same authorized signatory sign the Certificate of Authentication on all of the Bonds that may be issued hereunder at any one time. 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.

(c) The 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 Bonds by the Trustee the following documents shall be filed with the Trustee:

(i) A copy, certified by the City Administrator, of the Ordinance adopted by the City authorizing the execution of this Indenture and any other Financing Documents to which it is a party and authorizing the issuance and sale of the Bonds.

(ii) An original executed counterpart of this Indenture and the other Financing Documents.

(iii) A copy of the executed Redevelopment Agreement.

(iv) A copy of the Redevelopment Plan.

(v) A copy of the executed TDD Agreement.

(vi) A request and authorization to the Trustee on behalf of the City, executed by the Authorized City Representative, to authenticate the Bonds and deliver said Bonds to or upon the order of the Original Purchaser 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 name of the Original Purchaser and the amounts of such purchase price.

(vii) Opinions of Bond Counsel, dated the date of original issuance of the Bonds, in substantially the forms required by the Purchase Contract.

(viii) An Opinion of Bond Counsel to the effect that the Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

(ix) Such other certificates, statements, receipts, opinions and documents required by any of the foregoing documents or as the Trustee shall reasonably require for the delivery of the Bonds.

When the documents specified above have been filed with the Trustee, and when the Bonds shall have been executed and authenticated as required by this Indenture, the Trustee shall deliver the Bonds to or upon the order of the Original Purchaser, but only upon payment to the Trustee of the purchase price of the Bonds. The proceeds of the sale of the 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 204. Registration, Transfer and Exchange.

(a) The Trustee is hereby appointed Registrar and as such shall keep a Register at its principal corporate trust office or other designed payment office for the registration and for the transfer of Bonds as provided in this Indenture and in accordance with such reasonable regulations as the Trustee may prescribe. Each Bond when issued shall be registered in the name of the Owner thereof on the Register.

(b) Any Bond may be transferred only upon the Register upon surrender thereof to the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such transfer, the City shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees,

one or more new fully-registered Bond or Bonds of the same series and maturity, of any authorized denomination of a like aggregate principal amount.

(c) Any Bond, upon surrender thereof at the principal corporate trust office of the Trustee, together with an assignment duly executed by the Owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee, may, at the option of the Owner thereof, be exchanged for Bonds of the same maturity, of any denomination or denominations authorized by this Indenture, bearing interest at the same rate, and registered in the name of the Owner.

(d) Every Bond presented or surrendered for transfer or exchange shall (if so required by the Trustee, as Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Trustee, as Registrar, duly executed by the Owner thereof or his attorney or legal representative duly authorized in writing.

(e) In all cases in which Bonds are exchanged or transferred hereunder, the City shall execute and the Trustee shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchange or transfer shall forthwith be cancelled by the Trustee.

(f) 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.

(g) No service charge shall be made for any registration, transfer or exchange of Bonds, but the Trustee 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 certified 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.

(h) At reasonable times and under reasonable regulations established by the Trustee, the Register may be inspected and copied by the City or the Owners (or a designated representative thereof) of 10% in principal amount of Bonds then Outstanding, such ownership and the authority of any such designated representative shall be evidenced to the satisfaction of the Trustee.

(i) The Person in whose name any Bond is registered on the Register shall be deemed and regarded as the absolute owner of such Bond for all purposes, except as otherwise provided in this Indenture when a Book-Entry System is in effect for the Bonds, 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 his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including the interest thereon, to the extent of the sum or sums so paid.

(j) The Trustee shall not be required (i) to transfer or exchange any Bond during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of such Bond and ending at the close of business on the day of such mailing, or (ii) 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 Bonds and ending at the close of business on the relevant Interest Payment Date therefor.

Section 205. Mutilated, Destroyed, Lost and Stolen Bonds. If (1) 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 (2) there is delivered to the Trustee such security or indemnity as may be required by the Trustee to save each of them harmless, then, in the absence of notice to the Trustee that such Bond has been acquired by a bona fide purchaser, 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.

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.

Section 206. Cancellation of Bonds. All Bonds surrendered to the Trustee for payment, redemption, transfer, exchange or replacement 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 destroyed and disposed of by the Trustee in accordance with applicable record retention requirements.

Section 207. Book-Entry Bonds; Securities Depository. The Bonds shall initially be registered to Cede & Co., the nominee for The Depository Trust Company, New York, New York (the "***Securities Depository***"), and no beneficial owner will receive certificates representing its respective interest in the Bonds, except in the event the Trustee issues replacement bonds as provided in this **Section**. 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 the following paragraph.

If the Authorized City Representative determines (1) that the Securities Depository is unable to properly discharge its responsibilities, (2) 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, (3) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Bond Owner other than Cede & Co. is no longer in the best interests of the beneficial owners of the Bonds, or (4) if the Trustee receives written notice from Participants representing 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 Bond Owner other than Cede & Co. is no longer in the best interests of the beneficial owners of the Bonds, then the Trustee shall notify the Bond Owners 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; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the Authorized City Representative, 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 is the Owner 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 Bond Owners 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 Bond Owners, as provided herein. The Trustee may rely on information from the Securities Depository and its Participants as to the names and addresses of and principal amounts owned by of the beneficial owners of the Bonds. The cost of printing, registration, authentication, 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 Authorized City Representative 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 AND TENDER OF BONDS

Section 301. Redemption of Bonds Generally. The Bonds shall be subject to redemption prior to maturity in accordance with the terms and provisions set forth in this **Article**.

Section 302. Redemption of Bonds.

(a) Optional Redemption. The Bonds maturing on and after November 1, 2026 are subject to redemption in whole or in part, at the option of the City, on any date on and after November 1, 2025, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date.

(b) Reserved.

Section 303. Selection of Bonds to be Redeemed.

(a) Bonds shall be redeemed only in authorized denominations. When less than all of the Outstanding Bonds are to be redeemed and paid prior to maturity, such Bonds or portions of Bonds to be redeemed shall be selected in authorized denominations by the Trustee in such equitable manner as it may determine.

(b) In the case of a partial redemption of Bonds when Bonds of denominations greater than the minimum authorized denomination are then Outstanding, then for all purposes in connection with such redemption each authorized denomination unit of face value shall be treated as though it was a separate Bond of the denomination of the minimum authorized denomination. If one or more, but not all, of the minimum Authorized Denomination units of principal amount represented by any Bond are selected for redemption, then upon notice of intention to redeem such minimum authorized denomination unit or units, the Owner of such Bond or his attorney or legal representative shall forthwith present and surrender such Bond to the Trustee (i) for payment of the redemption price (including the interest to the date fixed for redemption) of the minimum authorized denomination unit or units of principal amount called for redemption, and (ii) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond of a

denomination greater than minimum authorized denomination fails 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 minimum authorized denomination unit or units of principal amount called for redemption (and to that extent only) and shall cease to accrue interest on the principal amount so called for redemption.

Section 304. Notice of Redemption of Bonds.

(a) In the case of Bonds called for redemption under **Section 302**, the Trustee shall call Bonds for redemption and payment as herein provided and shall give notice of redemption as provided below upon receipt by the Trustee at least 40 days prior to the redemption date of a written request of the City. 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 Debt Service Fund moneys available and sufficient to effect the required redemption.

Unless waived by any Owner of Bonds to be redeemed, official notice of any redemption of any Bond shall be given by the Trustee on behalf of the City by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least 30 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the Register; provided, however, that failure to give such notice by mailing as aforesaid to any Owner or any defect therein as to any particular Bond shall not affect the validity of any proceedings for the redemption of any other Bonds.

(b) All official notices of redemption shall be dated and shall state:

(i) the redemption date,

(ii) the redemption price,

(iii) if less than all Outstanding Bonds are to be redeemed, the identification of the Bonds to be redeemed (such identification to include interest rates, maturities, CUSIP numbers and such additional information as the Trustee may reasonably determine),

(iv) 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,

(v) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Trustee; and

(vi) such notice is conditional upon available funds being on deposit with the Trustee in an amount sufficient to pay the redemption price on the redemption date, otherwise such redemption shall not be effective..

In addition to the foregoing notice, the Trustee shall also comply with any mandatory requirements or guidelines, published by the Securities and Exchange Commission relating to providing notices of redemption. The failure of the Trustee to comply with any such requirements shall not affect or invalidate the redemption of said Bonds.

(c) The Trustee shall mail by first-class mail to the City a copy of such redemption notice.

(d) So long as the Securities Depository is effecting book-entry transfers of the Bonds, the Trustee shall provide the notices specified in this **Section 304** only 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 to notify the beneficial owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Section 305. Effect of Call for Redemption. On or prior to the date fixed for redemption, moneys or Government Securities shall be deposited with the Trustee as provided in **Section 402** hereof to pay the Bonds called for redemption and accrued interest thereon to the redemption date. Upon the happening of the above conditions, and notice having been given as provided in **Section 304** hereof, the Bonds or the portions of the principal amount of Bonds thus called for redemption shall cease to bear interest on the specified redemption date, provided moneys sufficient for the payment of the redemption price are on deposit at the place of payment at the time, and shall no longer be entitled to the protection, benefit or security of this Indenture and shall not be deemed to be Outstanding under the provisions of this Indenture.

ARTICLE IV
FUNDS AND REVENUES

Section 401. Creation of Funds; Application of Bond Proceeds and other Moneys. There are hereby created and ordered to be established in the custody of the Trustee the following special trust funds and accounts with respect to the Bonds, to be designated as follows:

(a) "**Project Fund**" and, within such fund, two separate and segregated trust accounts designated the "**Costs of Issuance Account**" and the "**Refinancing Account**;"

(b) "**Revenue Fund**" and, within such fund, three separate and segregated trust accounts designated as the "**TIF Revenues Account**," the "**TDD Sales Tax Account**," and the "**City Revenues Account**;"

(c) "**Debt Service Fund**" and, within such fund, three separate and segregated trust account designated the "**Bond Payment Account**," the "**Redemption Account**" and the "**Reserve Account**," and

(d) "**Rebate 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 City. The Trustee shall maintain separate funds or accounts as appropriate, for the cash and securities attributable to the Bonds in each fund and account held by the Trustee under this Indenture. Any transfer of cash or securities or earnings thereon from one fund or account to another shall be made to the appropriate fund or account of the Bonds to which such cash or securities are attributed. If, at any time, a payment is made to any fund or account that is less than the amount due and payable to such fund or account, the amount payable shall be credited pro rata to each such separate fund or account, based on the amount owed to each such fund or account.

All moneys deposited with or paid to the Trustee for the funds and accounts held under this Indenture shall be held by the Trustee in trust and shall be applied only in accordance with the provisions of this Indenture, and, until used or applied as herein provided, and except as provided in **Sections 304** and **1001** hereof, shall constitute part of the Trust Estate and be subject to the lien, terms and provisions of this Indenture and shall not be commingled with any other funds of the City except as provided under **Section 501** hereof for investment purposes.

Section 402. Deposit of Bond Proceeds and Other Funds. The net proceeds of the sale of the Bonds in the amount of $5,555,520.70 (representing the principal amount of the Bonds in the amount of $5,580,000.00 plus net original issue premium of $25,740.70, less the underwriting discount in the amount of $50,220.00) shall be paid to the Trustee, and the Trustee shall deposit and apply such proceeds, together with any other moneys deposited with the Trustee, as follows:

(a) The accrued interest, if any, received from the sale of the Bonds shall be deposited to the credit of the Bond Payment Account of the Debt Service Fund.

(b) An amount equal to $108,944.45 shall be deposited to the credit of the Costs of Issuance Account in the Project Fund.

(c) An amount equal to $5,446,576.25 shall be deposited to the credit of the Refinancing Account in the Project Fund.

On or before the Issue Date, the City shall deposit $225,680.63 from other available City funds for deposit into the Refinancing Account in the Project Fund.

Section 403. Project Fund.

(a) Costs of Issuance Account. Moneys in the Costs of Issuance Account in the Project Fund shall be used solely for the purpose of paying Costs of Issuance, as provided in this **Section 403**. The Trustee shall pay out of the Costs of Issuance Account upon receipt of written disbursement requests in substantially the form of **Exhibit B** hereto, signed by the Authorized City Representative, amounts equal to the amount of Costs of Issuance certified in such written requests to be paid or reimbursed. At such time as the Trustee is furnished with a certificate of an Authorized City Representative stating that all Costs of Issuance have been paid, and in any case not later than six (6) months from the Issue Date, the Trustee shall transfer any moneys remaining in the Costs of Issuance Account to the Bond Payment Account in the Debt Service Fund.

(b) Refinancing Account. Moneys in the Refinancing Account of the Project Fund shall be transferred without further authorization to the Series 2007 Bond Trustee for use, together with funds on deposit with the Series 2007 Bond Trustee, including all funds on deposit in the debt service reserve fund established for the Series 2007 Bonds, in payment of the interest on the Series 2007 Bonds due on May 1, 2018 and the principal of and interest on the Series 2007 Bonds on May 17, 2018.

Section 404. Revenue Fund.

(a) The City shall as soon as practicable (but no later than the 1st Business Day of each month following receipt thereof) transfer all Economic Activity Tax Revenues and all Payments in Lieu of Taxes received by the City to the Trustee for deposit in the TIF Revenues Account of the Revenue Fund. In connection with the transfer of any funds pursuant to this subsection, the City shall provide notice to the Trustee that such funds are to be deposited into the TIF Revenues Account of the Revenue Fund.

(b) The TDD has agreed, pursuant to the TDD Agreement, to transfer as soon as practicable (but no later than the 1th day of each month following receipt thereof) all Net TDD Sales Tax revenues to the Trustee for deposit in the TDD Sales Tax Account of the Revenue Fund. In connection with the transfer of any funds pursuant to this subsection, the City shall provide notice to the Trustee that such funds are to be deposited into the TDD Sales Tax Account of the Revenue Fund.

(c) On the 15th day of the month prior to any Interest Payment Date, the Trustee shall notify the City of the amount of the deficiency, if any, taking account amounts on deposit in the Revenue Fund, and the Bond Payment Account of the Debt Service Fund, to pay an installment of principal and/or interest on

the Bonds on the next Interest Payment Date or mandatory sinking fund payment date. On or prior to the second Business Day prior to such Interest Payment Date or mandatory sinking fund payment date, the City shall transfer City Revenues in an amount equal to such deficiency, subject to the provisions of **Section 602** this Indenture. Moneys provided to the Trustee by the City constituting City Revenues shall be deposited as and when received by the Trustee into the City Revenues Account of the Revenue Fund.

(d) Moneys in the Revenue Fund shall be held in trust and shall be applied by the Trustee on the 25th day (or if such day is not a Business Day, the immediately preceding Business Day) prior to each Interest Payment Date, except as otherwise provided below, first from the TIF Revenues Account, second from the TDD Sales Tax Account, third, from the Reserve Account, and last, from the City Revenues Account, as follows:

First, transfer to the Rebate Fund, when necessary, an amount sufficient to pay any arbitrage rebate, if any, to the United States of America, owed under Section 148 of the Code, including any costs of calculating the arbitrage rebate, as directed in writing by the City in accordance with the Tax Letter of Instructions;

Second, taking into account amounts on deposit in the Debt Service Fund, transfer to the Bond Payment Account of the Debt Service Fund an amount sufficient to pay the interest due on the Bonds on the next succeeding Interest Payment Date;

Third, transfer to the Bond Payment Account of the Debt Service Fund, taking into account any amounts that may be on deposit in such account, an amount sufficient to pay the principal due on the Bonds by their terms on the next succeeding Interest Payment Date;

Fourth, if the next succeeding Interest Payment Date is May 1, transfer to the Bond Payment Account of the Debt Service Fund an amount sufficient to pay principal due on the Bond by their terms on the second succeeding Interest Payment Date;

Fifth , transfer 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; and

Sixth, transfer to the City, any amount remaining in the City Revenues Account and an amount to be applied as reimbursement to the City for any City Revenues that the Trustee applied to the payment of debt service on the Bonds in any prior payment period.

(e) If the moneys in the Bond Payment Account of the Debt Service Fund are insufficient to pay all scheduled principal of and interest becoming due (by reason of maturity or mandatory sinking fund redemption) on the Bonds on any Interest Payment Date, then such money shall be applied ratably to the payment of interest, according to the amounts due on such installment, to the persons entitled thereto without any discrimination or privilege, then any remaining money shall be applied ratably to the payment of principal of the Bonds, according to the amounts due on such installment, to the persons entitled thereto without any discrimination or privilege. Any unpaid interest shall be compounded semi-annually on each Interest Payment Date.

(f) 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 (including payments owed to the City pursuant to paragraph Sixth above), all amounts remaining on deposit in the Revenue Fund (1) consisting of TIF Revenues and City Revenues shall be paid to the City for deposit into appropriate accounts in the Special Allocation Fund and for deposit into general City accounts, respectively, and (2) consisting of Net TDD Sales Tax revenues shall be paid to the TDD.

(g) Notwithstanding anything herein to the contrary, the City shall not declare any Payments in Lieu of Taxes or Economic Activity Tax Revenues to be "surplus funds" or "excess funds" or permit the distribution of such funds as "surplus funds" pursuant to Section 99.820(12) of the TIF Act so long as any Bonds are outstanding hereunder.

Section 405. Debt Service Fund.

(a) Except as otherwise provided herein, all amounts paid and credited to the accounts of the Debt Service Fund shall be expended solely for the payment of the principal of, premium, if any, and interest on the Bonds as the same mature and become due or upon the redemption thereof.

(b) After 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 (including payments owed to the City pursuant to paragraph Sixth in **Section 404** above), all amounts remaining in the accounts of the Debt Service Fund shall be transferred to the City for deposit into the Special Allocation Fund.

Section 406. Reserved.

Section 407. Rebate Fund.

(a) There shall be deposited by the Trustee in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All money at any time deposited in the Rebate Fund and any income earned thereon shall be held in trust, to the extent required to pay arbitrage rebate to the federal government of the United States of America, and neither the City nor the Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and by the Tax Compliance Agreement (which is incorporated herein by reference).

(b) Pursuant to the Tax Compliance Agreement, the Trustee on behalf of the City, shall remit from the Rebate Fund rebate installments and the final rebate payments to the United States. The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this Section and the Tax Compliance Agreement, other than from moneys held in the funds or accounts created under 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 Bonds and payment and satisfaction of any arbitrage rebate, or provision made therefor, shall be withdrawn and released to the City.

(c) Notwithstanding any other provision of this Indenture, including in particular this Article, the obligation to remit 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.

Section 408. Payments Due on Non-Business Days. 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 terminate and be

completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust, 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 his part under this Indenture or on or with respect to said Bond. If any Bond shall not be presented for payment within two (2) years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the City without liability for interest thereon the funds theretofore held by it for payment of such Bond, 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.

ARTICLE V
SECURITY FOR DEPOSITS AND INVESTMENT OF MONEYS

Section 501. Moneys to be Held in Trust. All moneys deposited with or paid to the Trustee for the account of any fund under any provision of 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 constitute part of the Trust Estate (except for the Rebate Fund) and be subject to the lien hereof. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except for accounting for income on Investment Securities.

Section 502. Investment of Moneys.

(a) Moneys in all funds and accounts under any provision of this Indenture shall be continuously invested and reinvested by the Trustee in Investment Securities at the written direction of the City given by the Authorized Commission Representative or, if such written directions are not received, then in Investment Securities described in subparagraph (f) of the definition thereof. Moneys on deposit in all funds and accounts may be invested only in Investment Securities which mature or are subject to redemption at the option of the owner thereof prior to the date such funds are expected to be needed. The Trustee may make investments through its investment division or short-term investment department. After the Trustee shall have notice pursuant to **Section 801(h)** of the existence of an Event of Default, the Trustee shall direct the investment of moneys held under this Indenture.

(b) All investments shall constitute a part of the fund or account from which the moneys used to acquire such investments have come. The Trustee shall sell and reduce to cash a sufficient amount of investments in a fund or account whenever the cash balance therein is insufficient to pay the amounts required to be paid therefrom. The Trustee may transfer investments from any fund or account to any other fund or account in lieu of cash when required or permitted by the provisions of this Indenture. In determining the balance in any fund or account, investments shall be valued at the lower of their original cost or their fair market value on the most recent Payment Date, except as otherwise provided in **Section 405** hereof. The Trustee shall not be liable for any loss resulting from any investment made in accordance herewith.

ARTICLE VI
PARTICULAR COVENANTS AND PROVISIONS

Section 601. Authority to Issue Bonds and Execute Indenture. The City covenants that it is duly authorized under the laws of the State to execute and deliver 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 limited obligations of the City according to the import thereof.

Section 602. Covenant to Request Appropriations.

(a) The City covenants and agrees that the City Administrator, or any other officer at any time charged with the responsibility of formulating budget proposals, is hereby directed to include in the budget proposals submitted to the Board of Aldermen, in any year during which any Bonds are Outstanding, (1) a request or requests for an appropriation of Economic Activity Tax Revenues for transfer to the Trustee for deposit in the Revenue Fund at the times and in the manner provided in **Section 404** hereof, and (2) a request or requests for an appropriation of other legally available funds of the City in an amount equal to the principal of and interest on the Bonds during the next Fiscal Year of the City which appropriated amount, or some portion thereof, may be transferred to the Trustee as City Revenues at the times and in the manner provided in **Section 404** hereof. Such requests for an annual appropriation shall be made in each Fiscal Year after the issuance of the Bonds so that Payments in Lieu of Taxes, Economic Activity Tax Revenues, Net TDD Sales Tax revenues, and City Revenues to be transferred to the Trustee for deposit in the Revenue Fund during the succeeding Fiscal Year will be available at the time needed for and shall be sufficient, taking into consideration available amounts in the Bond Payment Account of the Debt Service Fund, and the Reserve Account of the Revenue Fund, for the payment of the principal of and interest on the Bonds, as and when the same shall become due.

(b) It is the intention of the City that the decision to appropriate Economic Activity Tax Revenues and other legally available funds of the City shall be made solely by the Board of Aldermen of the City, without any condition precedent or condition subsequent to the consideration and approval thereof by the Board of Aldermen, and not by any other official of the City. The City presently expects to, in each Fiscal Year of the City while the Bonds are Outstanding, appropriate Economic Activity Tax Revenues and other legally available funds of the City so that Payments in Lieu of Taxes, Economic Activity Tax Revenues, and City Revenues to be transferred to the Trustee for deposit in the Revenue Fund during each Fiscal Year will be available at the time needed for and shall be sufficient, taking into consideration available amounts in the Bond Payment Account of the Debt Service Fund, the Reserve Account of the Revenue Fund, and amounts transferred to the Trustee for deposit into the Revenue Fund from Net TDD Sales Tax revenues, for the payment of the principal of and interest on the Bonds, as and when the same shall become due. The City shall furnish the Trustee with copies of its annual budget and a certificate stating whether it has appropriated Economic Activity Tax Revenues and other legally available funds of the City for such Fiscal Year promptly after the budget is adopted and in no event later than January 15 of each year.

Section 603. Performance of Covenants. The City covenants that it will 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 604. Instruments of Further Assurance. The City covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such further acts, instruments, financing statements and other documents as the Trustee may reasonably require for the better assuring, transferring, pledging and assigning to the Trustee, and granting a security interest unto the Trustee in and to the Trust Estate and the other property and revenues herein described.

Section 605. General Limitation on Authority Obligations. ANY OTHER TERM OR PROVISION OF THIS INDENTURE OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION WITH THE TRANSACTION WHICH IS THE SUBJECT HEREOF TO THE CONTRARY NOTWITHSTANDING, THE CITY SHALL NOT BE REQUIRED TO TAKE OR OMIT TO TAKE, OR REQUIRE ANY OTHER PERSON OR ENTITY TO TAKE OR OMIT TO TAKE, ANY ACTION WHICH WOULD CAUSE IT OR ANY PERSON OR ENTITY TO BE, OR RESULT IN IT OR ANY PERSON OR ENTITY BEING, IN VIOLATION OF ANY LAW OF THE STATE.

Section 606. Recording and Filing. The City shall file or cause to be kept and filed all financing statements, and the Trustee shall file or cause to be kept and filed continuation statements with respect to

such originally filed financing statements related to this Indenture and all supplements hereto and such other documents as may be necessary to be kept and filed in such manner and in such places as may be required by law in order to preserve and protect fully the security of the Owners of the Bonds and the rights of the Trustee hereunder. In carrying out its duties under this **Section**, the Trustee shall be entitled to rely on an Opinion of Counsel specifying what actions are required to comply with this **Section**.

Section 607. Possession and Inspection of Books and Documents. The City and the Trustee covenant and agree that all books and documents in their possession relating to the Bonds, the Debt Service Fund and to the distribution of proceeds thereof shall at all reasonable times and upon reasonable notice be open to inspection by such accountants or other agencies or Persons as the other party may from time to time designate.

Section 608. Tax Covenants.

(a) The City shall not use or permit the use of any proceeds of the Bonds or any other funds of the City, and the Trustee shall not use any proceeds of the Bonds or any other funds of the City held by the Trustee, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the City or the Trustee in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Bond to be an "arbitrage bond" within the meaning of Section 148(a) of the Code, or "federally guaranteed" within the meaning of Section 149(b) of the Code. If at any time the City is of the opinion that for purposes of this subsection (a) it is necessary to restrict or limit the yield on or change in any way the investment of any moneys held by the Trustee under this Indenture, the City shall so instruct the Trustee in writing and the Trustee shall act in accordance with such instructions. The City and the Trustee shall be deemed in compliance with this **Section** to the extent they follow the Tax Compliance Agreement or an opinion of Bond Counsel with respect to the investment of funds hereunder.

(b) The City shall not (to the extent within its power or direction) use or permit the use of any proceeds of the Bonds or any other funds of the City, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Bonds being treated as other than an obligation described in Section 103(a) of the Code.

(c) The City will not (to the extent within its power or direction) use any portion of the proceeds of the Bonds, including any investment income earned on such proceeds, directly or indirectly, in a manner that would cause any Bond to be a "private activity bond" within the meaning of Section 141(a) of the Code.

(d) The Trustee agrees to comply with any written letter or Opinion of Bond Counsel which sets forth the requirements to comply with any statute, regulation or ruling that may apply to the Trustee hereunder and relating to reporting requirements or other requirements necessary to preserve the exclusion from federal gross income of the interest on the Bonds.

(e) The foregoing covenants of this **Section** shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to **Article IX** hereof or any other provision of this Indenture, until the final scheduled payment of all Bonds Outstanding.

Section 609. Continuing Disclosure. Under the Continuing Disclosure Agreement, the City has undertaken all responsibility for compliance with continuing disclosure requirements with respect to S.E.C. Rule 15c2-12. Notwithstanding any other provision of this Indenture, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered an event of default under this Indenture, and the sole remedy in the event of such failure shall be such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Agreement.

ARTICLE VII
DEFAULT AND REMEDIES

Section 701. Events of Default. If any one or more of the following events occur, it is hereby defined as and declared to be and to constitute an "**Event of Default**":

(a) Default in the performance or observance of any of the covenants, agreements or conditions on the part of the City in this Indenture or in the Bonds contained, and the continuance thereof for a period of 30 days after written notice thereof has been given (i) to the City by the Trustee, or (ii) to the Trustee (which notice of default the Trustee shall be required to accept) and the City by the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding; provided, however, if any default is such that it cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the City within such period and diligently pursued until the default is corrected; or

(b) The filing by the City of a voluntary petition in bankruptcy, or failure by the City to promptly lift any execution, garnishment or attachment of such consequence as would impair the ability of the City to carry on its operation, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of federal bankruptcy law, or under any similar acts which may hereafter be enacted.

(c) The failure to pay the principal of, redemption premium, if any, or interest on the Bonds when due.

The Trustee shall give written notice of any Event of Default to the City as promptly as practicable after the occurrence of an Event of Default of which the Trustee has notice as provided in **Section 801(h)** hereof.

Section 702. Acceleration.

(a) If an Event of Default has occurred and is continuing, the Trustee may, and shall upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, by notice in writing delivered to the City, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable.

(b) In case of any rescission pursuant to **Section 712** hereof, the Trustee, the City and the Owners shall be restored to their former positions and rights hereunder respectively, but no such rescission shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

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 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:

(i) there is deposited with the Trustee a sum sufficient to pay:

(A) all overdue installments of interest on all Bonds;

(B) 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 or rates prescribed therefor in such Bonds; and

(C) 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

(ii) 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 712** of this Indenture.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Section 703. Surrender of Possession of Trust Estate; Rights and Duties of Trustee in Possession. If an Event of Default has occurred and is continuing, the City, upon demand of the Trustee, shall forthwith surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Trust Estate, together with the books, papers and accounts of the City pertaining thereto, and out of the same and any moneys received from any receiver of any part thereof pay and set up proper reserves for the payment of all proper costs and expenses of so taking, holding and managing the same, including, but not limited to, (i) reasonable compensation to the Trustee, its agents and counsel, and (ii) any reasonable charges of the Trustee hereunder, and the Trustee shall apply the remainder of the moneys so received in accordance with **Section 708** hereof.

Whenever all that is due upon the Bonds has been paid and all defaults made good, the Trustee shall surrender possession of the Trust Estate to the City, its successors or assigns, the same right of entry, however, to exist upon any subsequent Event of Default.

While in possession of the Trust Estate, the Trustee shall render annually to the City a summarized statement of receipts and expenditures in connection therewith.

Section 704. Appointment of Receivers in Event of Default. If an Event of Default has occurred and is continuing, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners 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 and of the earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 705. Exercise of Remedies by the Trustee. If an Event of Default has occurred and is continuing, the Trustee may pursue any available remedy at law or equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of and interest on the Bonds then Outstanding, and to enforce and compel the performance of the duties and obligations of the City as herein set forth.

If an Event of Default has occurred and is continuing, and if requested so to do by the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding and indemnified as provided in **Section 801(1)** hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this **Article** as the Trustee, being advised by counsel, deems most expedient in the interests of the Owners; provided, however, that the Trustee shall not be required to take any action which in its good faith conclusion could result in personal liability to it.

All rights of action under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owner, and any recovery or judgment shall, subject to **Section 708** hereof, be for the equal benefit of all the Owners of the Outstanding Bonds.

Section 706. Limitation on Exercise of Remedies by Owners. No Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereunder or for the appointment of a receiver or any other remedy hereunder, unless:

(a) a default has occurred of which the Trustee has notice as provided in **Section 801(h)** hereof, and

(b) such default has become an Event of Default, and

(c) the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee, shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, and shall have provided to the Trustee indemnity as provided in **Section 801(1)** hereof, and

(d) the Trustee shall thereafter fail or refuse to exercise the powers herein granted or to institute such action, suit or proceeding in its own name;

and such notification, request and indemnity are hereby declared in every case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder, it being understood and intended that no one or more Owners shall have any right in any manner whatsoever to affect, disturb or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Owners of all Bonds then Outstanding. Nothing in this Indenture, however, shall affect or impair the right of any Owner to payment of the principal of and interest on any Bond at and after its maturity or the obligation of the City to pay the principal of and interest on each of the Bonds to the respective Owners thereof at the time, place, from the source and in the manner herein and in such Bond expressed.

Section 707. Right of Owners to Direct Proceedings. Any other provision herein to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture, and provided, further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith determines that the proceeding so directed would involve it in personal liability or the Trustee has not been indemnified as provided in **Section 801** hereof.

Section 708. Application of Moneys in Event of Default. Upon an Event of Default, all moneys held or received by the Trustee pursuant to this Indenture pursuant to any right given or action taken under this **Article** shall, after payment of the reasonable fees, costs, advances and expenses of the Trustee and the proceedings resulting in the collection of such moneys (including without limitation attorneys' fees and expenses), be deposited in the Debt Service Fund. All moneys in the Debt Service Fund and the Project Fund shall be applied as follows:

(a) If the principal of all the Bonds has not become or has not been declared due and payable, all such moneys shall be applied:

(1) *First* – To the payment to the Owners entitled thereto of all installments of interest then due and payable on the Bonds, in the order in which such installments of interest became due and payable, with interest thereon at the rate or rates specified in the

respective Bonds to the extent permitted by law, and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege.

(2) *Second* – To the payment to the Owners entitled thereto of the unpaid principal of any of the Bonds that have become due and payable (other than Bonds called for redemption for the payment of which moneys or securities are held pursuant to this Indenture), in the order of their due dates, and, if the amount available is not sufficient to pay in full such principal due on any particular date, together with such interest, then to the payment ratably, according to the amounts of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds has become due or has been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid on all of the Bonds, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discrimination or privilege;

(c) If the principal of all the Bonds has been declared due and payable, and if such declaration thereafter is rescinded and annulled under the provisions of **Section 712** hereof, then, subject to the provisions of subsection (b) above of this **Section** in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) of this **Section**.

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

Whenever all of the Bonds and interest thereon have been paid under this **Section**, and all fees, expenses and charges of the Trustee have been paid, any balance remaining in the funds created pursuant to this Indenture shall be paid to the City for deposit in the Special Allocation Fund.

Section 709. Remedies Cumulative. No remedy conferred by this Indenture upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Owners hereunder or now or hereafter existing at law or in equity or by statute.

Section 710. Delay or Omission Not Waiver. No delay or omission to exercise any right, power or remedy accruing upon any Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right, power or remedy may be exercised from time to time and as often as may be deemed expedient.

Section 711. Effect of Discontinuance of Proceedings. If the Trustee has proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry, or otherwise, and such proceedings have been discontinued or abandoned for any reason, or have been determined adversely, then the City, the Trustee and the Owners shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 712. Waivers of Events of Default. The Trustee shall waive any Event of Default and its consequences and rescind any acceleration of maturity of principal upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, 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 X** cannot be modified or amended without the consent of the owner of each Outstanding Bond affected.

In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default have been discontinued or abandoned or determined adversely, then and in every such case the City, the Trustee and the Owners shall be restored to their former positions, rights and obligations hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Notwithstanding anything otherwise provided herein, the Trustee shall not be required to waive any Event of Default involving failure to the pay the fees, costs, charges and expenses of the Trustee.

ARTICLE VIII
THE TRUSTEE

Section 801. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts as a corporate trustee ordinarily would perform said trusts under a corporate indenture, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. If any 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 shall use the same degree of care and skill in their exercise, as a prudent person under reasonably similar circumstances would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, attorneys, receivers, employees or such other professionals but shall not be answerable for the conduct of the same in accordance with the standard specified above, provided the Trustee has exercised reasonable care in making such selection. The Trustee may act and conclusively rely upon the opinion or advice of counsel, who may, without limitation, be counsel to the City or an employee of the Trustee, concerning all matters of trust hereof and the duties hereunder, and, subject to the restrictions of **Section 802** hereof, may in all cases pay such reasonable compensation to all such agents, attorneys, receivers, employees and other such professionals as may reasonably be employed in connection with the trusts hereof. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith and shall be fully protected in reliance upon such opinion or advice of counsel.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds (except with respect to the Certificate of Authentication of the Trustee endorsed on the Bonds), or for the recording or re-recording, filing or refiling of this Indenture or any security agreements in connection therewith, or for insuring any of the improvements constructed in the City or collecting any insurance moneys, or for the validity of the execution by the City of this Indenture or of any or instruments of further assurance, or for the sufficiency of the security for the Bonds. The Trustee

shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with **Article V** hereof. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, 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 City 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.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated and delivered hereunder. The Trustee, in its individual or any other capacity, may become the owner or pledgee of Bonds with the same rights which it would have if it were not Trustee.

(e) 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, affidavit, letter, telegram or other paper or document provided for under this Indenture believed by it to be genuine and correct and to have been signed, presented or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to and in accordance with this Indenture upon the request or authority or consent of any Person who, at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or upon transfer or in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, or whenever in the administration of this Indenture the Trustee deems it desirable that a matter be proven or established prior to taking, suffering or omitting any action hereunder, the Trustee shall be entitled to rely upon a certificate signed by an Authorized Commission Representative as sufficient evidence of the facts therein contained. Prior to the occurrence of an Event of Default of which the Trustee has been notified as provided in subsection (h) of this **Section** or of which by said subsection it is deemed to have notice, the Trustee shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(g) 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 gross negligence or willful misconduct.

(h) The Trustee shall not be required to take notice of any default or Event of Default, other than a failure to make any payment on the Bonds when due, unless the Trustee is specifically notified in writing of such default or Event of Default by the City or by the Owners of at least 10% in aggregate principal amount of all Bonds then Outstanding.

(i) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but shall not be required, to inspect any and all of the Project, including all books, papers and records of the City pertaining to the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(j) The Trustee shall not be required to give any Bond or surety in respect of the execution of its trusts and powers hereunder.

(k) The Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any funds, or any action whatsoever within the purview of this Indenture, 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 as are

deemed desirable for the purpose of establishing the right of the City to the authentication of any Bonds, the withdrawal of any funds or the taking of any other action by the Trustee.

(l) Anything herein to the contrary notwithstanding, before taking any action under this Indenture, other than any action under **Article II** hereof concerning the payment of principal and interest on the Bonds or declaring an Event of Default and accelerating the maturity of the Bonds, the Trustee may, in its discretion, require that satisfactory indemnity be furnished to it by the Owners or other parties for the reimbursement of all reasonable fees, costs, liabilities, losses, claims and expenses to which it or its agents or counsel may be put and to protect it against all liability including environmental, except liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.

(m) All moneys received by the Trustee or any Paying Agent shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or by law. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except for accounting for income from Investment Securities.

(n) The Trustee may elect not to proceed in accordance with the directions of the Owners of the Bonds without incurring any liability to the Owners if in the opinion of the Trustee such direction may result in liability to the Trustee, in its individual capacity, for which the Trustee has not received indemnity from the Owners, and the Trustee may rely upon an Opinion of Counsel addressed to the Trustee in determining whether any action directed by Owners may result in such liability.

(o) Notwithstanding any other provision of this Indenture to the contrary, any provision intended to provide authority to act, right to payment of fees and expenses, and protection, immunity and indemnification to the Trustee shall be interpreted to include any action of the Trustee whether it is deemed to be in its capacity as Trustee, Registrar or Paying Agent.

(p) 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 affect the limitation of the Trustee's duties and obligations provided in this **Section** or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in this **Section**;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by any one of its directors, officers or employees unless it is established 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 not less than a majority in principal amount of the Bonds then Outstanding 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;

(iv) subject to subsection (1) above, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if

it has reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it; and

(v) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, receivers or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, receiver or attorney appointed with due care by it hereunder.

Section 802. Fees, Charges and Expenses of the Trustee. The Trustee shall be entitled to payment of and/or reimbursement for reasonable fees (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) by the City for its ordinary services rendered hereunder and all agent and counsel fees and other ordinary costs and expenses reasonably and necessarily made or incurred by the Trustee in connection with such ordinary services and, if it becomes necessary that the Trustee perform extraordinary services, it shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable and necessary extraordinary costs and expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the neglect or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefor. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Paying Agent and as Registrar for the Bonds. Upon the occurrence of an Event of Default and during its continuance, the Trustee shall have a lien with right of payment prior to payment on account of principal of or interest on any Bond, upon all moneys in its possession under any provisions hereof for the foregoing advances, fees, costs and expenses incurred. If moneys in the Debt Service Fund are insufficient to make payment to the Trustee for its fees and expenses, as provided in subparagraph Fifth of **Section 402(b)** on any Payment Date, the unpaid portion shall be carried forward to the next Payment Date, together with interest thereon at the Trustee's base lending rate plus 2%.

Section 803. Notice of Default. If an Event of Default occurs of which the Trustee is required to take notice or notice is given to the Trustee as provided in **Section 801(h)** hereof, then the Trustee shall give written notice thereof to the City and within 30 days (five Business Days if the maturity of the Bonds has been accelerated pursuant to **Section 702** hereof) by first class mail to the Owners of all Bonds then Outstanding as shown by the Register.

Section 804. Intervention by the Trustee. In any judicial proceeding to which the City is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of the Bonds, the Trustee may intervene on behalf of Owners and shall do so if requested in writing by the Owners of at least 25% in the aggregate principal amount of Bonds then Outstanding, provided that the Trustee shall first have been provided indemnity provided under **Section 801(l)** hereof as it may require against the reasonable fees, costs, expenses and liabilities which it may incur in or by reason of such proceeding, including without limitation attorneys' fees and expenses.

Section 805. Successor Trustee Upon Merger, Consolidation or Sale. Any corporation or association with or into which the Trustee may be merged or converted or with or into which it may be consolidated, or to which the Trustee may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any merger, conversion, sale, consolidation or transfer to which it is a party, provided such corporation or association is otherwise eligible under **Section 808** hereof, shall be and become successor Trustee hereunder and shall be vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges hereunder as was its predecessor, without the execution or filing of any instrument or any further act on the part of any of the parties hereto.

Section 806. Resignation or Removal of Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days' written notice to the City and the Owners, and such resignation shall take effect upon the appointment of a successor Trustee pursuant to **Section 807**

hereof. If at any time the Trustee ceases to be eligible in accordance with the provisions of this Indenture, it shall resign promptly in the manner provided in this **Section**. The Trustee may be removed for cause or without cause at any time by an instrument or concurrent instruments in writing delivered to the Trustee, the City and signed by the Owners of a majority in aggregate principal amount of Bonds then Outstanding. If no Event of Default has occurred and is continuing, or no condition exists which with the giving of notice or the passage of time, or both, would become an Event of Default as provided in **Section 701(a)** hereof, the Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and the Owners and signed by the City. The City or the Owners of a majority in aggregate principal amount of the Bonds then Outstanding may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee. No resignation or removal of the Trustee shall become effective until a successor Trustee has accepted its appointment under **Section 809** hereof.

Section 807. Appointment of Successor Trustee. If the Trustee hereunder resigns or is removed, or otherwise becomes incapable of acting hereunder, or if it is taken under the control of any public officer or officers or of a receiver appointed by a court, a successor Trustee may be appointed by the Owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing; provided, nevertheless, that in case of such vacancy the City, by an instrument executed and signed by the Authorized Commission Representative, may appoint a temporary Trustee to fill such vacancy until a successor Trustee is appointed by the Owners in the manner above provided; and any such temporary Trustee so appointed by the City shall immediately and without further acts be superseded by the successor Trustee so appointed by such Owners. If a successor Trustee or a temporary Trustee has not been so appointed and accepted such appointment within 30 days of a notice of resignation or removal of the current Trustee, the retiring Trustee or any Owner may petition a court of competent jurisdiction for the appointment of a successor Trustee to act until such time, if any, as a successor has so accepted its appointment. No resignation or removal of the Trustee shall become effective until a successor Trustee has accepted its appointment under **Section 809** hereof.

Section 808. Qualifications of Trustee and Successor Trustees. The Trustee and every successor Trustee appointed hereunder shall be a trust institution or commercial bank qualified to do business in the State, shall be in good standing and qualified to accept such trusts, shall be subject to examination by a federal or state bank regulatory authority, and shall have a reported capital and surplus of not less than $25,000,000, or must provide a guaranty of the full and prompt performance by the Trustee of its obligations under this Indenture and any other agreements made in connection with the Bonds, on terms satisfactory to the City, by a guarantor with such combined capital and surplus. If such institution publishes reports of conditions at least annually pursuant to law or regulation, then for the purposes of this **Section** the capital and surplus of such institution shall be deemed to be its capital and surplus as set forth in its most recent report of condition so published.

Section 809. Vesting of Trusts in Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the City an instrument in writing accepting such appointment hereunder, and thereupon such successor shall become fully vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of its predecessor and the obligations of the predecessor Trustee hereunder shall cease and terminate; but such predecessor shall, nevertheless, on the written request of the City, execute and deliver an instrument transferring to such successor Trustee all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the City be required by any successor Trustee for more fully and certainly vesting in such successor the trusts, powers, rights, obligations, duties, remedies, immunities and privileges hereby vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City.

Section 810. Trust Estate May be Vested in Co-Trustee.

(a) It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the State) denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, and in particular in case of the enforcement of either upon an Event of Default, or if the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee, or take any other action which may be desirable or necessary in connection therewith, it may be necessary or desirable that the Trustee appoint an individual or institution as a co-trustee or separate trustee, and the Trustee is hereby authorized to appoint such co-trustee or separate trustee.

(b) If the Trustee appoints an additional individual or institution as co-trustee or separate trustee, each and every remedy, power, right, claim, demand, cause of action, indemnity, protection, immunity, title, interest and lien expressed or intended by this Indenture to be exercised by the Trustee with respect thereto shall be exercisable by such co-trustee or separate trustee but only to the extent necessary to enable such co-trustee or separate trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such co-trustee or separate trustee shall run to and be enforceable by either of them.

(c) Should any deed, conveyance or instrument in writing from the City be required by the co-trustee or separate trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the City.

(d) If any co-trustee or separate trustee dies, becomes incapable of acting, resigns or is removed, all the properties, rights, powers, trusts, duties and obligations of such co-trustee or separate trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a successor to such co-trustee or separate trustee.

Section 811. Annual Statement. The Trustee shall render an annual statement for each calendar year ending December 31 to the City and, if so requested and the expense thereof is paid, to any Owner requesting the same. The annual statement shall show in reasonable detail all financial transactions relating to the Trust Estate during the accounting period and shall include a break-down of money deposited into the Debt Service Fund and the balance in any funds and accounts created by this Indenture with the Trustee as of the beginning and close of such accounting period.

Section 812. Paying Agents; Registrar; Appointment and Acceptance of Duties; Removal. The Trustee is hereby designated and agrees to act as Paying Agent and as Registrar for and in respect of the Bonds.

ARTICLE IX
SATISFACTION AND DISCHARGE OF THE INDENTURE

Section 901. Satisfaction and Discharge of the Indenture.

(a) When the principal of and interest on all the Bonds have been paid in accordance with their terms or provision has been made for such payment, as provided in **Section 902** hereof, and provision also is made for paying all other sums payable hereunder, including the fees and expenses of the Trustee and the Paying Agent to the date of payment of the Bonds, then the right, title and interest of the Trustee under this Indenture shall thereupon cease, determine and be void, and thereupon the Trustee shall, upon receipt by the Trustee of an Opinion of Counsel stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, cancel, discharge and release this Indenture and shall execute,

acknowledge and deliver to the City such instruments of satisfaction and discharge or release as shall be reasonably requested to evidence such release and the satisfaction and discharge of this Indenture, and shall assign and deliver to the City any property at the time subject to this Indenture which may then be in the Trustee's possession, except amounts in the Debt Service Fund required to be paid to the City under **Article IV** hereof and except funds or securities in which such moneys are invested and held by the Trustee for the payment of the principal of and interest on the Bonds.

(b) The City is hereby authorized to accept a certificate of the Trustee stating that the whole amount of the principal and interest so due and payable upon all of the Bonds then Outstanding has been paid or provision for such payment has been made in accordance with **Section 902** hereof as evidence of satisfaction of this Indenture, and upon receipt thereof the City shall cancel and erase the inscription of this Indenture from its records.

Section 902. Bonds Deemed to Be Paid.

(a) Bonds shall be deemed to be paid within the meaning of this **Article** when payment of the principal on such Bonds, plus premium, if any, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in this Indenture, or otherwise), either (1) has been made or caused to be made in accordance with the terms hereof, or (2) provision therefor has been made by depositing with the Trustee, in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment or (ii) non-callable Government Securities maturing as to principal and interest in such amount and at such times as will ensure the availability of sufficient moneys to make such payment and the Trustee shall have received an opinion of Bond Counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that such deposit will not cause the interest on such Bonds to be included in gross income for purposes of federal income taxation and that all conditions precedent to the satisfaction of this Indenture have been met. At such time as a Bond is deemed to be paid hereunder as aforesaid, such Bond shall no longer be secured by or be entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Government Securities.

(b) Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to the stated maturities thereof, no deposit under clause (2) of subsection (a) above shall be deemed a payment of such Bonds as aforesaid until, as to all such Bonds which are to be redeemed prior to their respective stated maturities, proper notice of such redemption has been given in accordance with **Article III** hereof or irrevocable instructions have been given to the Trustee to give such notice.

(c) Notwithstanding any provision of any other **Section** of this Indenture which may be contrary to the provisions of this **Section**, all moneys or Government Securities set aside and held in trust pursuant to the provisions of this **Section** for the payment of Bonds and interest thereon shall be applied to and be used solely for the payment of the particular Bonds and interest thereon with respect to which such moneys and Government Securities have been so set aside in trust.

(d) If the interest earnings on money or Government Securities are necessary to provide for the payment of the Bonds under this **Section**, the Trustee shall receive a verification report of a firm of independent certified public accountants that the moneys and Government Securities deposited with the Trustee are sufficient to pay when due the principal or redemption price, if any, and interest on the Bonds on or prior to the applicable redemption or maturity date.

ARTICLE X
SUPPLEMENTAL INDENTURES

Section 1001. Supplemental Indentures Not Requiring Consent of Owners. The City and the Trustee may from time to time, without the consent of or notice to any of the Owners, enter into such

Supplemental Indenture or Supplemental Indentures as are not inconsistent with the terms and provisions hereof, for any one or more of the following proposes:

(a) to cure any ambiguity or formal defect or omission in this Indenture or to release property from the Trust Estate which was included by reason of an error or other mistake;

(b) to grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners or the Trustee or either of them;

(c) to subject to this Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as then amended, or any similar federal statute hereafter in effect, or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States;

(e) to provide for the refunding of any Bonds in accordance with the terms hereof;

(f) to evidence the appointment of a separate trustee or the succession of a new trustee hereunder;

(g) to modify or eliminate any of the terms of this Indenture; provided, however, that:

(1) such Supplemental Indenture shall expressly provide that any such modifications or eliminations shall become effective only when there is no Bond Outstanding of any series issued prior to the execution of such Supplemental Indenture; and

(2) the Trustee may, in its discretion, decline to enter into any such Supplemental Indenture which, in its opinion, may not afford adequate protection to the Trustee when the same becomes operative;

(h) to make any other change which, in the sole judgment of the Trustee, does not materially adversely affect the security of the Owners. In exercising such judgment the Trustee may rely on an Opinion of Counsel.

Section 1002. Supplemental Indentures Requiring Consent of Owners. In addition to Supplemental Indentures permitted by **Section 1001** hereof and subject to the terms and provisions contained in this **Section**, and not otherwise, with the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, the City and the Trustee may from time to time enter into such other Supplemental Indenture or Supplemental Indentures as shall be deemed necessary and desirable by the City and the Trustee for the purpose of modifying, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indenture; provided, however, that nothing in this **Section** contained shall permit or be construed as permitting:

(a) an extension of the maturity of the principal of or the scheduled date of payment of interest on any Bond;

(b) a reduction in the principal amount, redemption premium or any interest payable on any Bond;

(c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds;

(d) a reduction in the aggregate principal amount of Bonds the Owners of which are required for consent to any such Supplemental Indenture; or

(e) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee.

If at any time the City requests the Trustee to enter into any such Supplemental Indenture for any of the purposes of this **Section**, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be mailed by first-class mail to each Owner. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners. If within 60 days or such longer period as shall be prescribed by the City following the mailing of such notice, the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in this **Section** permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

Section 1003. Opinion of Bond Counsel. Notwithstanding anything to the contrary in **Sections 1001** or **1002** hereof, before the City and the Trustee enter into any Supplemental Indenture pursuant to **Sections 1001** or **1002** hereof, there shall have been delivered to the Trustee an Opinion of Bond Counsel stating that such Supplemental Indenture is authorized or permitted by this Indenture and the Act, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the City in accordance with its terms and will not adversely affect the exclusion from federal gross income of interest on any Bonds then Outstanding.

Section 1004. Notice to Rating Agency. The Trustee shall provide any rating agency rating the Bonds with written notice of each proposed Supplemental Indenture and a copy thereof at least 15 days prior to the proposed date of execution and delivery of any such Supplemental Indenture.

ARTICLE XI
MISCELLANEOUS PROVISIONS

Section 1101. Consents and Other Instruments by Owners. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent other than the assignment of ownership of a Bond) and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken, suffered or omitted under any such instrument, namely:

(a) The fact and date of the execution by any person of any such instrument (other than the assignment of a Bond) may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of 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 Register. In all cases where Bonds are owned by persons other than the City or an assignee of the City, 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 this Indenture, Bonds owned by, or held by or for the account of, the City or any affiliate or any Person controlling, controlled by or under common control with either of them, shall be disregarded and deemed not to be Outstanding under this Indenture.

Section 1102. Notices. Except as otherwise provided herein, it shall be sufficient service of any notice, request, complaint, demand or other paper required by this Indenture to be given to or filed with the City or the Trustee if the same is duly mailed by registered or certified mail, postage pre-paid, return receipt requested, or sent by telegram, telecopy or telex or other similar communication, or when given by telephone, confirmed by telephone, on the same day, addressed as follows, provided that notices to the Trustee shall be effective only upon receipt:

(1) To the City at:

City of Harrisonville, Missouri
300 East Pearl Street
Harrisonville, Missouri 64701
Attention: City Administrator
Facsimile: (816) 860-8906

(2) To the Trustee at:

Security Bank of Kansas City
701 Minnesota Avenue, Suite 206
Kansas City, Kansas 66101
Attention: Corporate Trust Department
Facsimile: (913) 279-7960

(3) To the Owners at:

By first-class mail addressed to each of the Owners of all Bonds at the time Outstanding, as shown by the Register. Any notice so mailed to the Owners of the Bonds shall be deemed given at the time of mailing whether or not actually received by the Owners.

(4) To the Securities Depository at:

The Depository Trust Company
55 Water Street, 50th Floor
New York, New York 10041-0099
Attention: Surveillance, Put Bonds Section / Reorganization Department
Facsimile: (212) 855-5235

In the event of any notice to a party other than the City, a copy of said notice shall be provided to the City. The above parties may from time to time designate, by notice given hereunder to the other parties, such other address to which subsequent notices, certificates or other communications shall be sent.

Section 1103. Limitation of Rights Under the Indenture. With the exception of rights herein expressly conferred and as otherwise provided in this **Section**, nothing expressed or mentioned in or to be implied by this Indenture or the Bonds is intended or shall be construed to give any Person other than the parties hereto, and the Owners of the Bonds, any right, remedy or claim under or in respect to this Indenture. This Indenture and all of the covenants, conditions and provisions hereof are, except as otherwise provided

in this **Section**, intended to be and are for the sole and exclusive benefit of the parties hereto and the Owners of the Bonds as herein provided.

Section 1104. Suspension of Mail Service. 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.

Section 1105. Business Days. If any date for the payment of principal of or interest on the 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; provided, however, any interest that accrues on any unmatured or unredeemed Bonds from the due date shall be payable on the next succeeding Payment Date.

Section 1106. Immunity of Officers, Employees and Members of Authority. No recourse shall be had for the payment of the principal of or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Indenture contained against any past, present or future officer, director, member, employee or agent of the City, the governing body of the City, or of any successor public corporation, as such, either directly or through the City or any successor public corporation, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, members, employees or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of such Bonds.

Section 1107. No Sale. The City covenants and agrees that, except as provided herein, it will not sell, convey, assign, pledge, encumber or otherwise dispose of any part of the moneys subject to this Indenture.

Section 1108. Severability. If any provision of this Indenture is held or deemed to be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstances, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or **Sections** in this Indenture contained shall not affect the remaining portions of this Indenture, or any part thereof.

Section 1109. Execution in Counterparts. This 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 1110. Governing Law. This Indenture shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 1111. Electronic Transactions. The parties agree that the transaction described herein may be conducted and related documents may be stored, sent or received 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 this page intentionally left blank*)

IN WITNESS WHEREOF, the City of Harrisonville, Missouri has caused these presents to be signed in its name and behalf and its corporate seal to be hereunto affixed and attested by its duly authorized officers, and to evidence its acceptance of the trusts hereby created, Security Bank of Kansas City, has caused these presents to be signed in its name and behalf by its duty authorized officer, all as of the day and year first above written.

CITY OF HARRISONVILLE, MISSOURI

(Seal)

By: _____
Mayor

ATTEST:

By: _____
City Clerk



(Seal)

SECURITY BANK OF KANSAS CITY, as Trustee

By: _____
Name: Erica Lemon
Title: Assistant Vice President

ATTEST:

By: _____
Name: Pete Gardner
Title: SVP/Trust Manager

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 District 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 **Registered**
No. R-___ **$_____**

CITY OF HARRISONVILLE , MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT AND SALES TAX REFUNDING REVENUE BOND
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

Dated Date	Maturity Date:	Interest Rate	CUSIP No.
April 26, 2018	November 1, 20__	_____%	_____

REGISTERED OWNER:_____

PRINCIPAL AMOUNT:_____ DOLLARS

THE CITY OF HARRISONVILLE, MISSOURI, a city of the fourth class and political subdivision duly organized and existing under the laws of the State of Missouri (the "City"), for value received, hereby promises to pay to the registered owner shown above, or registered assigns, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon from the Dated Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the Rate of Interest per annum shown above. Interest shall be payable on each May 1 and November 1, commencing November 1, 2018 (each, an "Interest Payment Date"). Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

Except as otherwise provided herein, the capitalized terms herein shall have the meanings as provided in the Indenture (as hereinafter defined).

The principal of this Bond shall be paid at maturity or upon earlier redemption to the Person in whose name this Bond is registered on the Register at the maturity or redemption date thereof. The interest payable on this Bond on any Payment Date shall be paid by Security Bank of Kansas City, Kansas City, Kansas (the "Trustee") to the person in whose name this Bond is registered on the Register at the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Payment Date. Such interest shall be payable (a) by check or draft mailed by the Trustee to the address of such registered Owner shown on the Register or (b) by electronic transfer to such Owner upon written notice delivered to the Trustee not less than 15 days prior to the applicable Record Date and signed by such Owner containing electronic transfer instructions including the name of the bank, ABA routing number, and account name and account number to which such Owner wishes to have such transfer directed, together with an

acknowledgement that an electronic transfer fee may be applicable. The principal or redemption price of and interest on the Bonds shall be payable by check or draft in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

This Bond is one of an authorized series of fully registered Bonds of the City designated "City of Harrisonville, Missouri Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2018," in the aggregate principal amount of $5,580,000 (the "Bonds").

The Bonds are being issued pursuant to a Trust Indenture dated as of April 1, 2018, between the City and the Trustee (the "Indenture"), for the purpose of providing funds to (a) refinance certain notes previously issued by the City, and (b) pay costs of issuance of the Bonds, all under the authority of the City and in full compliance with the Constitution and laws of the State of Missouri, including particularly the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, inclusive, of the Revised Statutes of Missouri, as amended (the "Act").

The Bonds constitute special, limited obligations of the City payable as to principal, premium, if any, and interest solely from the Pledged Revenues and other moneys pledged thereto and held by the Trustee pursuant to the Indenture. The Bonds shall not constitute debts or liabilities of the City, the City, the State of Missouri or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

The Bonds are subject to redemption as follows:

(a) The Bonds are subject to optional redemption by the City in whole or in part at any time on any date on or after November 1, 2025, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the redemption date.

Bonds shall be redeemed only in authorized denominations. When less than all of the Outstanding Bonds are to be redeemed and paid prior to maturity, such Bonds or portions of Bonds to be redeemed shall be selected in authorized denominations by the Trustee in such equitable manner as it may determine.

Unless waived by any Owner of Bonds to be redeemed, official notice of any redemption of any Bond shall be given by the Trustee on behalf of the City by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least 30 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the Register; provided, however, that failure to give such notice by mailing as aforesaid to any Owner or any defect therein as to any particular Bond shall not affect the validity of any proceedings for the redemption of any other Bonds. Notice of redemption having been given as aforesaid, the Bonds or portions of 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 defaults in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest, shall no longer be secured by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture. Any defect in any notice or the failure of any parties to receive any notice of redemption shall not cause any Bond called for redemption to remain Outstanding.

The City, the elected officials, officers and employees of the City and any person executing the Bonds shall not be personally liable for such obligations by reason of the issuance thereof.

The Bonds are issuable in the form of fully registered Bonds without coupons in the denomination of $5,000 or integral multiples of $5,000 in excess thereof.

This Bond shall not be valid or binding on the City or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon has 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 issuance of the Bonds have existed, happened and been performed in due time, form and manner as required by law.

(Remainder of this page intentionally left blank)

IN WITNESS WHEREOF, CITY OF HARRISONVILLE, MISSOURI has executed this Bond by causing it to be signed 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 hereto or imprinted hereon, and has caused this Bond to be dated as of the Dated Date shown above.

Registration Date: _____

CITY OF HARRISONVILLE, MISSOURI

By:_____
Mayor

CERTIFICATE OF AUTHENTICATION

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

(Seal)

SECURITY BANK OF KANSAS CITY, as Trustee

ATTEST:

By:_____
City Clerk

By:_____
Name:_____
Title:_____

ASSIGNMENT

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

_____

(Print or Type Name, Address and Social
Security Number or other 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: Signatures must be guaranteed by an eligible guarantor institution as defined by SEC Rule 17Ad-15 (17 CFR 240.17Ad-15 or such other similar rule as Trustee may deem applicable).

EXHIBIT B

FORM OF DISBURSEMENT REQUEST –
COSTS OF ISSUANCE ACCOUNT OF THE PROJECT FUND

Request No. _____ Date:_____

WRITTEN REQUEST FOR DISBURSEMENT FROM THE
COSTS OF ISSUANCE ACCOUNT OF THE PROJECT FUND

CITY OF HARRISONVILLE, MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT
AND SALES TAX REFUNDING REVENUE BONDS
(HARRISONVILLE TOWNE CENTER PROJECT), SERIES 2018

To: Security Bank of Kansas City, as Trustee
Kansas City, Kansas
Attention: Corporate Trust Department

as Trustee under the Trust Indenture, dated as of April 1, 2018, between the City of Harrisonville, Missouri and said Trustee (the "Indenture")

Pursuant to Section 403 of the Indenture, the City of Harrisonville, Missouri (the "City") requests payment from the Cost of Issuance Account of the Project Fund in accordance with this request and said Section 404 and hereby states and certifies as follows:

1. The date and number of this request are as set forth above.

2. All terms in this request shall have and are used with the meanings specified in the Indenture.

3. The names of the persons, firms or corporations to whom the payments requested hereby are due, the amounts to be paid and the general classification and description of the costs for which each obligation requested to be paid hereby was incurred are as set forth on Attachment I hereto.

4. These costs have been incurred and are presently due and payable and are reasonable costs that are payable or reimbursable under the Indenture and each item thereof is a proper charge against the Project Fund.

5. Each item listed above has not previously been paid or reimbursed from moneys in the Costs of Issuance Account of the Project Fund and no part thereof has been included in any other Disbursement Request previously filed with the Trustee under the provisions of the Indenture or reimbursed from Bond proceeds.

CITY OF HARRISONVILLE, MISSOURI

By:_____
Authorized City Representative

ATTACHMENT I
TO WRITTEN REQUEST FOR DISBURSEMENT FROM

THE COSTS OF ISSUANCE ACCOUNT OF THE PROJECT FUND –
CITY OF HARRISONVILLE, MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT
AND SALES TAX REFUNDING REVENUE BONDS
(HARRISONVILLE TOWNE CENTER PROJECT), SERIES 2018

REQUEST NO. _____ DATED _____, ____

SCHEDULE OF PAYMENTS REQUESTED

Person, firm or corporation to whom payment is due	Amount to be paid	General classification and description of the costs of issuance for which the Obligation to be paid was incurred

This Preliminary Official Statement and the information contained herein are subject to completion and amendment without notice. These securities may not be offered for sale 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 the 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.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 6, 2018

NEW ISSUE
Book-Entry Only

S&P RATING: "A"
See "RATINGS" herein

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

$5,575,000*
CITY OF HARRISONVILLE, MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT AND SALES TAX REFUNDING REVENUE BONDS (HARRISONVILLE TOWNE CENTER PROJECT) SERIES 2018

Maturities, Principal Amounts, Interest Rates, Prices, Yields and CUSIP Numbers are shown on the Inside Cover Page

The Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2018 (the "Bonds") are being issued by the City of Harrisonville, Missouri (the "City") pursuant to a Trust Indenture, dated as of April 1, 2018 (the "Indenture"), between the City and Security Bank of Kansas City, Kansas City, Kansas, as trustee (the "Trustee"). The Bonds are being issued for the purpose of providing funds to (i) currently refund the Series 2007 Bonds and thereby refinance certain reimbursable project costs incurred in connection with Redevelopment Project I (as such terms are defined herein), and (ii) pay costs related to the issuance of the Bonds.

The Bonds are special, limited obligations of the City payable solely from (i) Payments in Lieu of Taxes, (ii) subject to annual appropriation by the City, Economic Activity Tax Revenues, (iii) subject to annual appropriation by the TDD, Net TDD Sales Tax, (iv) subject to annual appropriation by the City, City Revenues and (v) certain moneys on deposit under the Indenture.

The Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry only form, in denominations of $5,000 and or integral multiple thereof. So long as Cede & Co. is the registered owner of the Bonds, purchasers of beneficial interests ("Beneficial Owners") will not receive certificates representing their interests in the Bonds, payments of the principal of, premium, if any, and interest on the Bonds will be made directly to DTC or Cede & Co., and references herein to the owners of the Bonds shall mean Cede & Co. See the section herein captioned "THE BONDS - Book-Entry Only System." Interest on the Bonds will be payable semiannually on May 1 and November 1 in each year, beginning on November 1, 2018.

The Bonds are subject to redemption prior to maturity in certain circumstances as described in this Official Statement under the caption "THE BONDS – Redemption."

Prospective investors are advised that none of the property comprising the Project (as such term is defined herein) is pledged as security for the Bonds. There is no mortgage securing the Bonds.

The Bonds are subject to certain risks. See the caption "BONDHOLDERS' RISKS" in this Official Statement.

The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Bryan Cave Leighton Paisner LLP, Kansas City, Missouri, Bond Counsel. Certain legal matters related to this Official Statement will be passed upon by Bryan Cave Leighton Paisner LLP. McLiney And Company is serving as financial advisor to the City in connection with the issuance of the Bonds. Certain legal matters will be passed upon for the City by Bryan Cave Leighton Paisner LLP, Kansas City, Missouri. Gilmore & Bell, P.C., St. Louis, Missouri serves as counsel to the Underwriter. It is expected that the Bonds will be available for delivery on or about April ___, 2018.

STIFEL

The date of this Official Statement is _____, 2018

* Preliminary; subject to change.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES AND CUSIP NUMBERS*

$5,575,000*
CITY OF HARRISONVILLE, MISSOURI
ANNUAL APPROPRIATION-SUPPORTED
TAX INCREMENT AND SALES TAX REFUNDING REVENUE BONDS
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

Dated: Date of Initial Delivery

Serial Bonds

Maturity Date (November 1)*	Principal Amount*	Interest Rate	Price	CUSIP Numbers[1]
2018	$400,000	____%	____%	_____
2019	460,000	____%	____%	_____
2020	470,000	____%	____%	_____
2021	480,000	____%	____%	_____
2022	490,000	____%	____%	_____
2023	505,000	____%	____%	_____
2024	520,000	____%	____%	_____
2025	540,000	____%	____%	_____
2026	555,000	____%	____%	_____
2027	570,000	____%	____%	_____
2028	585,000	____%	____%	_____

Term Bonds

$_____* _____% Term Bonds Due May 1, 20___*;
Price: _____%; CUSIP Number: _____

$_____* _____% Term Bonds Due May 1, 20___*;
Price: _____%; CUSIP Number: _____

* Preliminary; subject to change.

1 CUSIP Numbers have been assigned to this issue by CUSIP Global Services, as managed for the American Bankers Association by S&P Global Market Intelligence, and are included solely for the convenience of the Bondowners. Neither the City nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

CITY OF HARRISONVILLE, MISSOURI
300 East Pearl
Harrisonville, Missouri 64701
(816) 380-8900

MAYOR AND BOARD OF ALDERMEN

Brian Hasek - Mayor
Brad Bockelman – Alderman Ward 1
Judy Bowman – Alderman Ward 1
Judy Reece – Alderman Ward 2
Marcia Milner – Alderman Ward 2
David Dickerson – Alderman Ward 3
Clint Long – Alderman Ward 3
Matt Turner – Alderman Ward 4
Jessica Levsen – Alderman Ward 4

ADMINISTRATIVE OFFICERS

Happy Welch, City Administrator
Marcella McCoy, Director of Finance
Randall K. Jones, City Clerk

PROFESSIONAL SERVICE PROVIDERS

BOND COUNSEL

Bryan Cave Leighton Paisner LLP
Kansas City, Missouri

CITY'S FINANCIAL ADVISOR

McLiney And Company
Kansas City, Missouri

INDEPENDENT AUDITORS

Dana F. Cole & Co. LLP
Overland Park, Kansas

TRUSTEE

Security Bank of Kansas City
Kansas City, Kansas

UNDERWRITER

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

UNDERWRITER'S COUNSEL

Gilmore & Bell, P.C.
St. Louis, Missouri

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter or by any person to give any information or to make any representation with respect to the 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 any offer to buy nor shall there be any offer, solicitation or sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not so expressly described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from the City and other sources which are believed to be reliable. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion 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 UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 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 BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE 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 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.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United State Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan", "expect", "estimate", "anticipate", "budget" or other similar words. Such forward looking statements include, among others, certain statements under the sections in this Official Statement captioned "**PLAN OF FINANCING**," "**PROJECTED NET REVENUES AND DEBT SERVICE COVERAGE**," "**BONDOWNERS' RISKS**," "**THE HARRISONVILLE TOWNE CENTER PROJECT**," "**THE HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT AND TDD SALES TAX**," and in **Appendix A** and **Appendix E** to this Official Statement.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (iii) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE.

UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE CITY ON THE DATE HEREOF, AND THE CITY ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN THE EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS INDICATED UNDER THE CAPTION "CONTINUING DISCLOSURE."

TABLE OF CONTENTS

Page

INTRODUCTION 1
- Purpose of the Memorandum 1
- The City 1
- The Bonds 1
- Proceedings Regarding the Redevelopment Area and the Redevelopment Project 2
- Harrisonville Towne Center Project 2
- The Harrisonville Towne Center Transportation Development District and TDD Sales Tax 2
- Security for the Bonds 3
- Bondowners' Risks 4
- Continuing Disclosure 4
- Definitions, Summaries of Documents and Additional Information 4

TAX INCREMENT FINANCING IN MISSOURI 4
- Overview 4
- The TIF Act 5
- Assessment and Collection of Ad Valorem Taxes 6
- Collection of Economic Activity Tax Revenues 9

THE HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT AND TDD SALES TAX 9
- Transportation Development District 9
- TDD Agreement 10

THE BONDS 10
- Authorization; Description of the Bonds 10
- Redemption Provisions 11
- Transfer and Exchange 12
- CUSIP Numbers 13
- Book-Entry System 13

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS 15
- Limited Obligations; Sources of Payment 15
- Pledged Revenues 16
- Transfers and Deposits to the Revenue Fund 17
- Application of Moneys in Revenue Fund 18

PLAN OF FINANCING 19
- Estimated Sources and Uses of Funds 19
- Refinancing 19

THE HARRISONVILLE TOWNE CENTER PROJECT 19
- Overview of the Redevelopment Area 19
- The Project 20
- Historical Collections of Pledged Revenues 22

DEBT SERVICE REQUIREMENTS FOR THE BONDS 22

BONDOWNERS' RISKS 23
- Nature of the Obligations 23
- Risk of Non-Appropriation 23
- Reliance on Developer, Tenants and Property Owners 23
- No Mortgage 24
- Lease Terms 24
- Failure to Maintain Levels of Assessed Valuation 24
- Exempt Properties; Tax Abatement or Rebate 25
- Tax Increment Financing Litigation – In General 25
- Changes in State and Local Tax Laws 25

Reductions in State and Local Tax Rates 25
Development of Property within Redevelopment Project Area I 26
Limitations on Remedies 26
Changes in Economic and Market Conditions 26
Factors Affecting Economic Activity Tax Revenues and TDD Sales Tax Revenues 26
Early Redemption of the Bonds 27
Risk of Taxability 27
Risk of Audit 27
Secondary Market for the Bonds 27
Forward-Looking Statements 28
LITIGATION 28
LEGAL MATTERS 29
TAX MATTERS 29
Opinion of Bond Counsel 29
Other Tax Consequences 30
CONTINUING DISCLOSURE 31
FINANCIAL ADVISOR 31
UNDERWRITING 31
RATINGS 32
CERTAIN RELATIONSHIPS 32
MISCELLANEOUS 32

Appendix A – Information Regarding the City of Harrisonville, Missouri
Appendix B – Financial Statements of the City
Appendix C – Definitions of Words and Terms; Summaries of Certain Documents
Appendix D – Form of Opinion of Bond Counsel
Appendix E – Form of Continuing Disclosure Agreement

(THIS PAGE INTENTIONALLY LEFT BLANK)

OFFICIAL STATEMENT

$5,575,000*
CITY OF HARRISONVILLE, MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT AND SALES TAX REFUNDING REVENUE BONDS
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement.

Purpose of the Memorandum

The purpose of this Official Statement is to furnish information relating to (i) the City of Harrisonville, Missouri (the "**City**"), (ii) the City's Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2018 (the "**Bonds**") to be issued in the aggregate principal amount of $5,575,000*, and (iii) the project to be refinanced with the proceeds of the Bonds (the "**Redevelopment Project I**"), which was previously refinanced with the proceeds of the City's Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2007 (the "**Series 2007 Bonds**"), originally issued in the aggregate principal amount of $8,630,000 and which remain outstanding in the aggregate principal amount of $6,240,000 of as of the date of this Official Statement. For the definition of certain capitalized terms used in this Official Statement and not otherwise defined, see **Appendix C** hereto.

The City

The City is a fourth-class city and political subdivision of the State of Missouri (the "**State**"). The City is the county seat of Cass County, Missouri and is located in the southern portion of the Kansas City Metropolitan Statistical Area. See **Appendix A** to this Official Statement for certain economic and demographic information regarding the City.

The Bonds are not a general obligation of the City and are payable solely from the revenues described in this Official Statement. The information regarding the City contained in Appendix A should not be construed as an indication that the 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 BONDS" in this Official Statement.

The Bonds

The Bonds are being issued pursuant to the provisions of the TIF Act (as defined herein) and the Trust Indenture, dated as of April 1, 2018 (the "**Indenture**"), between the City and Security Bank of Kansas City, Kansas City, Kansas, as trustee (the "**Trustee**") for the purpose of providing funds to (i) currently refund the Series 2007 Bonds on May ___, 2018 (the "**Redemption Date**") (see "**PLAN OF FINANCING – Refinancing**" herein), (ii) pay the costs related to the issuance of the Bonds. The Series 2007 Bonds were issued to refinance the costs of certain reimbursable project costs incurred in connection with Redevelopment Project I undertaken in connection with the implementation of the Harrisonville Towne

* Preliminary; subject to change.

Center Tax Increment Financing Plan (as amended, the "**Redevelopment Plan**"). A description of the Bonds is contained in this Official Statement under the caption "**THE BONDS**." All references to the Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Indenture. For additional information relating to Redevelopment Project I and the Plan, see the caption "**THE HARRISONVILLE TOWNE CENTER PROJECT**" in this Official Statement.

The Bonds are subject to redemption prior to maturity as described herein. See "**THE BONDS – Redemption Provisions**" herein.

The Bonds are payable only from the Pledged Revenues as described in this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledged Revenues." Such Pledged Revenues (other than funds held by the Trustee under the terms of the Indenture) will be comprised solely of Payments in Lieu of Taxes related to Redevelopment Project I, Economic Activity Tax Revenues related to Redevelopment Project I, Net TDD Sales Tax and City Revenues.

Proceedings Regarding the Redevelopment Area and the Redevelopment Project

In 2005, pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865 of the Revised Statutes of Missouri, as amended (the "**TIF Act**"), the City implemented tax increment financing in an approximate 42-acre area of the City generally located at the northeast corner of U.S. Highway 71 and Commercial Street within the corporate limits of the City (as further identified in the Redevelopment Plan, the "**Redevelopment Area**") by adopting all ordinances approving the Redevelopment Plan and Redevelopment Project I. The Redevelopment Plan provides for the development and financing of a retail center to be known as "Harrisonville Towne Center" in multiple phases. The Bonds are being issued to refinance certain reimbursable project costs incurred in connection with Redevelopment Project I.

Harrisonville Towne Center Project

The City selected D.J. Christie, Inc., as assigned to Harrisonville Partners, LLC (the **Developer**"), to implement the Redevelopment Plan and entered into Redevelopment Agreement ("**Redevelopment Agreement**") with the Developer for the implementation of the Redevelopment Plan. See **Appendix C** to this Official Statement for a summary of the Redevelopment Agreement. See the caption "**THE HARRISONVILLE TOWNE CENTER PROJECT**" in this Official Statement.

The Harrisonville Towne Center Transportation Development District and TDD Sales Tax

Pursuant to the provisions of Sections 238.200 to 238.280 of the Revised Statutes of Missouri (the "**TDD Act**"), The Harrisonville Towne Center Transportation Development District (the "**TDD**") has been formed as a political subdivision of the State of Missouri.

The TDD was created for the purpose of financing a portion of the costs of certain transportation improvements within and benefiting Redevelopment Project Area I. In order to provide such funds, the Board of Directors of the TDD has authorized a one-percent sales tax (the "**TDD Sales Tax**") on retail sales occurring on the real property located within the TDD. Fifty percent (50%) of the revenues from the TDD Sales Tax (the "**TIF Portion of TDD Revenues**") which are generated by economic activities within Redevelopment Project I, but excluding certain items as described in the TIF Act, will be captured as Economic Activity Tax Revenues pursuant to the TIF Act and will be available, subject to annual appropriation by the City, as Pledged Revenues for payment of the Bonds under the Indenture. See the captions "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**" and "**THE HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT AND THE TDD SALES TAX**" in this Official Statement.

Subject to the terms of the Indenture and the TDD Agreement, the Net TDD Sales Tax will be pledged to the payments of the Bonds and represents a portion of the Pledged Revenues. Net TDD Sales Tax means, subject to annual appropriation by the board of directors of the TDD, the amount of TDD Sales Tax revenues received from the Department of Revenue (as defined below) and deposited into the TDD Sales Tax Trust Fund, after deducting (i) one percent (1%) of the total TDD Sales Tax received from the Department of Revenue payable to the City for an administrative fee, (ii) the Economic Activity Tax Revenues that are transferred to the City for deposit into the TDD Sales Tax Account of the Special Allocation Fund, and (iii) such additional amounts as needed for the City to maintain a balance of $1,000 in funds available to the City to enforce collection of the TDD Sales Tax, which Net TDD Sales Tax revenues the TDD will transfer, or cause to be transferred, to the Trustee for deposit into the TDD Sales Tax Account of the Revenue Fund pursuant to the TDD Agreement and the Indenture. Net TDD Sales Tax revenues do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer and (ii) any sum received by the TDD which is the subject of a suit or other claim communicated to the TDD which suit or claim challenges the collection of such sum.

Security for the Bonds

The Indenture and Trust Estate. The Bonds and the interest thereon are special, limited obligations of the City, payable solely from the Pledged Revenues held by the Trustee as provided in the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the Owners of the Bonds, as provided in the Indenture. The "**Trust Estate**" consists of all right, title and interest of the City in the Pledged Revenues pledged by the City, and all other moneys and securities from time to time held by the Trustee under the Indenture (except payments required to be made to meet the requirements of Section 148(f) of the Internal Revenue Code of 1986, as amended, whether or not held in the Rebate Fund).

Pursuant to the Indenture, the City has pledged, as security for the payment of the Bonds, all of its rights and interests in (i) the Payments in Lieu of Taxes generated in Redevelopment Project Area I, (ii) subject to annual appropriation by the City, the Economic Activity Tax Revenues generated in Redevelopment Project Area I, (iii) subject to annual appropriation by the TDD, the Net TDD Sales Tax, and (iv) subject to annual appropriation by the City, any City Revenues and has covenanted to make monetary transfers of such funds to the Trustee. The City has covenanted and agreed to take all lawful action within its control to cause the County Assessor of Cass County, Missouri to assess the real property and improvements within the Redevelopment Area at the times and in the manner required by the TIF Act and take such lawful action within its control as may be required to cause the County Collector of Cass County, Missouri and all other persons to pay all Economic Activity Tax Revenues which are due to the City under the TIF Act. The City further covenants in the Indenture that the City officer responsible for formulating the City budget will be directed to include in the budget proposal submitted to the Board of Aldermen in each fiscal year that the Bonds are outstanding a request for an appropriation of Economic Activity Tax Revenues on deposit in the Special Allocation Fund.

No Mortgage or General Obligation. The Bonds are not secured by a mortgage on any property in the Redevelopment Area. However, under the TIF Act, Payments in Lieu of Taxes that are due and owing constitute a lien against the real estate in Redevelopment Project Area I from which they are derived. Upon a default in the payment of any Payments in Lieu of Taxes on real property in the Redevelopment Project Area I, the lien for such unpaid Payments in Lieu of Taxes may be enforced as provided by Missouri law. See the caption "**TAX INCREMENT FINANCING IN MISSOURI - Assessment and Collection of Ad Valorem Taxes**" in this Official Statement.

THE BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF AND DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY

PROVISION OR LIMITATION. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.

Prospective investors are advised that none of the property in the Redevelopment Area is pledged as security for the Bonds. See the caption "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**" in this Official Statement.

No recourse shall be had for the payment of the principal of or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture or the Redevelopment Agreement, 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

The Bonds involve a high degree of risk, and prospective purchasers should read the section herein captioned "**BONDOWNERS' RISKS**." The Bonds may not be suitable investments for all persons, and prospective purchasers should carefully evaluate the risks and merits of an investment in the Bonds, should confer with their own legal and financial advisors and should be able to bear the risk of loss of their investment in the Bonds before considering a purchase of the Bonds.

Continuing Disclosure

In connection with the issuance of the Bonds, the City will enter into a Continuing Disclosure Agreement and agree to provide continuing disclosure information as required by Rule 15c2-12 of the Securities and Exchange Commission. See **Appendix E** to this Official Statement for the form of the Continuing Disclosure Agreement.

Definitions, Summaries of Documents and Additional Information

Appendices A and **B** to this Official Statement contains information regarding the City. Definitions of certain words and terms used in this Official Statement and summaries of certain Financing Documents are included in this Official Statement in **Appendix C**. **Appendix E** to this Official Statement contains the form of the Continuing Disclosure Agreement. 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 the Underwriter and will be provided to any prospective purchaser requesting the same upon payment of the cost of complying with such request. **Appendix D** contains the proposed form of opinion which is anticipated to be rendered by Bond Counsel at the time of delivery of the Bonds.

TAX INCREMENT FINANCING IN MISSOURI

Overview

Tax increment financing is an economic development tool whereby cities and counties encourage the redevelopment of designated areas. The theory of tax increment financing is that, by encouraging redevelopment projects, the value of real property in a redevelopment area should increase and, if the

redevelopment project includes establishments that pay sales and other economic activity taxes, the amounts of economic activity taxes generated by the redevelopment area should also increase.

When tax increment financing is adopted for a redevelopment area, the assessed value of real property in the redevelopment area is frozen for tax purposes at the current base level prior to the construction of improvements. The owners of the property continue to pay property taxes at the base level. As the property is improved, the assessed value of real property in the redevelopment area should increase above the base level. By applying the tax rate of all taxing districts having taxing power within the redevelopment area to the increase in assessed valuation of the improved property over the base level, a "tax increment" is produced. The annual tax increments (referred to as "payments in lieu of taxes" or "PILOTS" and more fully defined herein under the section captioned "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledged Revenues**") are paid by the owners of property in the same manner as regular property taxes. The payments in lieu of taxes are transferred by the collecting agency to the treasurer of the city or county and deposited in the PILOTS account of a "special allocation fund." Similarly, an amount (referred to as "economic activity tax revenues" and more fully defined herein under the section captioned "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledged Revenues**") attributable to 50% of the increase in tax revenues generated by economic activities within the redevelopment area (including sales and utilities taxes, but excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or sales taxes other than payments in lieu of taxes) are transferred by the collecting agency to the treasurer of the city or county and deposited in an economic activity tax account of such special allocation find. All or a portion of the moneys in the special allocation fund are used to pay redevelopment project costs or to retire bonds or other obligations issued to pay such costs.

The TIF Act

The TIF Act was enacted in 1982 and has been amended several times in subsequent years. The constitutional validity of the TIF Act (prior to the amendments) was upheld by the Missouri Supreme Court in *Tax Increment Financing Commission of Kansas City, Missouri v. J.E. Dunn Construction Co., Inc.*, 781 S.W.2d 70 (Mo. 1989). The TIF Act authorizes cities and counties to provide long-term financing for redevelopment projects in "blighted," "conservation" and "economic development" areas (as defined in the TIF Act) through the issuance of bonds and other obligations. Prior to the amendments to the TIF Act, such obligations were payable solely from PILOTs derived from the redevelopment area. As a result of amendments to the TIF Act, such obligations are also payable from economic activity tax revenues derived from the redevelopment area, except those economic activity tax revenues expressly excluded in the TIF Act. See the caption "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Revenues**" in this Official Statement. The validity of certain portions of amendments to the TIF Act relating to the capture of economic activity tax revenues was upheld by the Missouri Supreme Court in County of *Jefferson v. QuikTrip Corporation*, 912 S.W.2d 487 (Mo. 1995).

The TIF Act was amended in 2014, to provide that, after August 28, 2014, if voters in a taxing district vote to approve increases in real property tax levy rates, any additional revenues generated within an existing redevelopment project area that are directly attributable to the newly voter-approved incremental increase in such levy rate shall not be considered payments in lieu of taxes subject to deposit into a special allocation fund without the consent of such taxing district. Revenues are considered directly attributable to the newly voter-approved incremental increase to the extent that they are generated from the difference between the taxing district's actual levy rate currently imposed and the maximum voter approved levy rate at the time that the redevelopment project was adopted.

In addition to limiting the capture as TIF payments in lieu of taxes of real property taxes approved by voters after August 28, 2014, the TIF Act's 2014 amendments also provided that when 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 sales or use tax rate are not considered economic activity taxes subject to deposit into a special allocation fund unless such taxing district gives its consent to such capture.

Because the statutory amendments imposing the requirements discussed above are relatively new and because existing real property tax rates are subject to adjustment and rollback pursuant to the Hancock Amendment, it is not possible to predict with certainty how the amendments will be interpreted and how the amount of "additional revenues generated within an existing redevelopment project area that are directly attributable to the newly voter-approved incremental increase" will be determined with respect to both PILOTS and Economic Activity Tax Revenues.

It is not possible to predict whether additional amendments to the TIF Act will be proposed in future Missouri legislative sessions, the nature of any such future proposed amendments, or whether such future proposed amendments will become law. In connection with any proposed amendments to the TIF Act that may be introduced in future legislative sessions, it is not possible to predict the nature of such proposed amendments or whether such proposed amendments to the TIF Act will become law during future sessions of the General Assembly.

Although PILOTs may be irrevocably pledged to the repayment of bonds, economic activity tax revenues are subject to annual appropriation by the governing body of the city or county, and there is no obligation on the part of the governing body to appropriate economic activity tax revenues in any year. See the captions "**BONDOWNERS' RISKS – Non-Appropriation**" and "**BONDOWNERS' RISKS – Factors Affecting Economic Activity Tax Revenues**" in this Official Statement.

Assessment and Collection of Ad Valorem Taxes

General. The City and the Redevelopment Area are located within Cass County, Missouri (the "**County**"). On or before September 1 in each year, each political subdivision located within the County which imposes ad valorem taxes (the "**Taxing Districts**") is required to estimate the amount of taxes that will be required during the next succeeding fiscal year to pay interest falling due on general obligation bonds issued and the principal of bonds maturing in such year and the costs of operation and maintenance plus such amounts as shall be required to cover emergencies and anticipated tax delinquencies. The Taxing Districts certify the amount of such taxes which shall be levied, assessed and collected on all taxable tangible property in the County to the County Assessor by September 1.

All taxes levied must be based upon the assessed valuation of land and other taxable tangible property in the County as shall be determined by the records of the County Assessor and must be collected and remitted to the Taxing Districts. All the laws, rights and remedies provided by the laws of the State for the collection of State, county, city, school and other ad valorem taxes are applicable to the collection of taxes authorized to be collected in the Redevelopment Area.

The Missouri Constitution requires uniformity in taxation of real property by directing such property to be subclassed as agricultural, residential or commercial and permitting different assessment ratios for each subclass. Agricultural real property is currently assessed at 12% of true value in money, residential property is currently assessed at 19% of true value in money and commercial, industrial and all other real property is assessed at 32% of true value in money. The phrase "true value in money" has been held to mean "fair market value" except with respect to agricultural property.

Real property within the County is assessed by the County Assessor. The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The Board of Equalization has the authority to question and determine the proper values of real property and then adjust and equalize individual properties appearing on the tax rolls. The County Collector collects taxes for all Taxing Districts within the County limits. The County Collector deducts a commission for its services. After

such collections and deductions of commission, taxes are distributed according to the Taxing District's pro rata share.

Taxes are levied on all taxable property based on the equalized assessed value thereof determined as of January 1 in each year. Under Missouri law, each property must be reassessed every two years (in odd-numbered years). The County Collector prepares the tax bills and mails them to each taxpayer in September. Payment is due by December 31, after which taxes become delinquent and accrue a penalty of one percent per month. In the event of an increase in the assessed value of a property, notice of such increase must be given to the owner of the affected property, which notice is generally given in March.

Valuation of Real Property. The County Assessor must determine the assessed value of a property based upon the State law requirement that property be valued at its true value in money. For agricultural land, true value is based on its productive capability. As to residential and commercial property, true value in money is the fair market value of the property on the valuation date. The fair market value is arrived at by using the three universally recognized approaches to value: cost approach, the sales comparison approach and the income approach.

The cost approach is typically applied when a property is newly constructed and is based on the principle of substitution. This principle states that no informed buyer will pay more for a property than the cost to reproduce or replace the property. Value is determined under the cost approach by adding the estimated land value to the replacement or reproduction cost reduced by estimated depreciation. Courts have held however, that construction cost alone is not a proper basis for determining true value in money and that all factors which affect the use and utility of the property must be considered.

The sales comparison approach determines value based upon recent sales prices of comparable properties. Comparable sales are adjusted for differences in properties by comparing such items as sales price per square foot and net operating income capitalization rates.

The income approach estimates market value by discounting to present value a stream of estimated net operating income. First, the property's gross potential income is estimated based on gross rents being generated at the property. A vacancy allowance is then deducted to arrive at effective gross income. Next, allowable operating expenses are deducted to arrive at an estimate of the property's net operating income. Finally, the net operating income is divided by an appropriate capitalization rate to arrive at the estimated present value of the income stream.

Certain properties, such as those used for charitable, educational, and religious proposes, are excluded from both the real estate ad valorem tax and personal property tax. In addition, pursuant to various State statutes, the City and other public entities may grant real estate tax abatement, under certain conditions, to businesses building or rehabilitating property within their boundaries.

Appeal of Assessment. State statutes establish various mechanisms for a property owner to appeal the assessment of a tax on its property. Typically, there are four issues that can be raised in property tax appeals: overvaluation, uniformity, misclassification and exemption. Overvaluation appeals are the most common appeals presented by taxpayers. An overvaluation appeal requires the taxpayer to prove that the true value in money of the property is less than that determined by the assessor. Uniformity appeals are based on the assertion that other property in the same class and county as the subject property is assessed at a lower percentage of value than the subject property. A misclassification appeal is based on an assertion that assessing authorities have improperly subclassed a property. Exemption appeals are based on claims that the property in question is exempt from taxation.

Overvaluation appeals generally must be made administratively, first to the Board of Equalization and then to the State Tax Commission, within prescribed time periods following notice of an increase in assessment. Appeals to the Board of Equalization must be filed with the County Clerk as Secretary of the

Board of Equalization on or before the third Monday in June of each year. Appeals to the State Tax Commission must be filed by the later of December 31 or 30 days after the date of the final decision of the Board of Equalization. Where valuation is not an issue, appeals must be taken directly to the State circuit court rather than the State Tax Commission. If an appeal is pending on December 31, the due date for the payment of taxes, State statutes provide a procedure for the payment of taxes under protest. If taxes are paid but not under protest, the taxpayer cannot recover the amount paid unless the taxes have been mistakenly or erroneously paid. Application for a refund of mistakenly or erroneously paid taxes must be made within one year after the tax in dispute was paid. Typically, only that portion of the taxes being disputed is identified as being paid under protest, unless a claim of exemption is being asserted. The portion of the tax paid under protest is required to be held in an interest bearing account. Unless an appeal before the Board of Equalization or State Tax Commission is pending, suit must be brought by the taxpayer to resolve the dispute within 90 days, or the escrowed funds will be released to the Collector of Revenue and distributed to the Taxing Districts.

No owner of any property located within the Redevelopment Area is restricted from appealing the determination of the assessed value of any such property. Any appeals, however, will be required to be conducted in the manner as summarized above under current law.

Reassessment and Tax Rate Rollback. As previously stated, a general reassessment of all property in the State is required to be conducted every two years. When, as a result of such reassessment, the assessed valuation within a Taxing District increases by more than an allowable percentage, the Taxing District is required to roll back the rate of tax within the Taxing District so as to produce substantially the same amount of tax revenue as was produced in the previous year increased by an amount called a "preceding valuation factor." A "preceding valuation factor" is a percentage increase or decrease based on the average annual percentage changes in total assessed valuation of the County over the previous three or five years, whichever is greater, adjusted to eliminate the effect of boundary changes, changes from State to County assessed property, general reassessment and State ordered changes.

The Hancock Amendment. An amendment to the Missouri Constitution limiting taxation and government spending was approved by Missouri voters on September 4, 1980, and went into effect with the 1981-82 fiscal year. The amendment (Article X, Sections 16 through 24 of the Missouri Constitution, and popularly known as the Hancock Amendment) limits the rate of increase and the total amount of taxes that shall be imposed in any fiscal year, and provides that the limit shall not be exceeded without voter approval. Provisions are included in the Hancock Amendment for rolling back tax rates to produce an amount of revenues equal to that of the previous year if the definition of the tax base is changed or if property is reassessed. The tax levy on the assessed valuation of new construction is exempt from this limitation in the initial year of new construction. The limitation on local governmental units also does not apply to taxes imposed for the payment of principal of, premium, if any, and interest on bonds approved by the requisite percentage of voters.

Tax Delinquencies. Taxes and payments in lieu of taxes due upon any real estate within the Redevelopment Project Area I remaining unpaid on the first day of January, annually, are delinquent, and the County Collector is empowered to enforce the lien of the taxing jurisdictions thereon. Whenever the County Collector is unable to collect any taxes on the tax roll, having diligently endeavored and used all lawful means to do so, be is required to compile lists of delinquent tax bills collectible by him. All lands and lots on which taxes are delinquent and unpaid are subject to suit to collect delinquent tax bills or suit for foreclosure of the tax liens. Upon receiving a judgment, the sheriff must advertise the sale and the land, fixing the date of sale within 30 days after the first publication of the notice. Delinquent taxes, with penalty, interest and costs, may be paid to the County Collector at any time before the property is sold therefor. No action for recovery of delinquent taxes shall be valid unless initial proceedings therefor are commenced within five years after delinquency of such taxes.

Collection of Economic Activity Tax Revenues

The economic activity taxes that will be pledged to the payment of the Bonds, subject to annual appropriation, are 50% of the total additional revenue from taxes imposed by the City or other Taxing Districts which are generated by economic activities within the Redevelopment Area over the amount of such taxes generated by economic activities within the Redevelopment Area in calendar year 2004, but excluding taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees, special assessments and PILOTS (as described and determined in accordance with the TIF Act). See the caption "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledged Revenues**" in this Official Statement.

Retail businesses are required to collect the sales tax from purchasers at the time of sale, and pay said amounts to the Missouri Department of Revenue (the "**Department of Revenue**") with the filing of returns, except for the sales tax on motor vehicles, trailers, boats and outboard motors, which is due at the time application is made for title and registration. The sales volume of a retail business determines the frequency of payments made to the Department of Revenue. In most cases, the retail businesses in the City make monthly payments to the Department of Revenue, which are due on the twentieth day of each calendar month for sales taxes collected in the preceding calendar month if such preceding calendar month is either the first or second month of a calendar quarter, or on the last day of the month for sales taxes collected in the preceding calendar month if such preceding calendar month is the end of a calendar quarter. Retail businesses located in the City submit applications to the City for a merchant's license and an occupancy permit, and before such license and permit are awarded verification of a tax identification number from the State is made by the City. In the event of a failure by a retail business to remit sales taxes, interest and penalties, the unpaid amount may become a lien in the nature of a judgment lien against the delinquent taxpayer. In the event of overpayment by any retail business as a result of error or duplication, provision is made under State law for refunds.

Pursuant to the State law, taxpayers who promptly pay their sales taxes are entitled to retain 2% of the amount of taxes owed.

Within 30 days of receipt of sales taxes by the Department of Revenue, the Director of the Department of Revenue remits to the State Treasurer for deposit in a special trust fund for the benefit of each political subdivision entitled to a sales tax distribution the amount of such sales tax receipts less 1% of such amount which constitutes a fee paid to the State for collecting and distributing the tax. The State Treasurer then distributes moneys on deposit in the special trust fund on behalf of each such political subdivision to such political subdivision on a monthly basis.

THE HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT AND TDD SALES TAX

Transportation Development District

Pursuant to the provisions of Sections 238.200 to 238.280 of the Revised Statutes of Missouri (the "**TDD Act**"), The Harrisonville Towne Center Transportation Development District (the "**TDD**") has been formed as a political subdivision of the State of Missouri. The TDD was created for the purpose of financing a portion of the costs of certain transportation improvements within and benefiting Redevelopment Project Area.

The Board of Directors of the TDD adopted a resolution authorizing a one percent sales tax for a period of 25 year from the date the sale tax is first imposed (the "**TDD Sales Tax**"). In December, 2005, the TDD filed a Unanimous Petition of Property Owners to Establish a One Percent Sales Tax for the Harrisonville Towne Center Transportation Development District in the Circuit County of Cass County, Missouri. The TDD Sales Tax went into effect on January 1, 2006. The collection of the TDD Sales Tax is conducted in the same manner as other sales taxes in the state of Missouri (see the caption "**TAX INCREMENT**

FINANCING IN MISSOURI – Collection of Economic Activity Tax Revenues" above for a description of such method).

TDD Agreement

The City and the TDD entered into a Cooperative Agreement, dated December 22, 2005, as amended pursuant to a First Amendment to Cooperative Agreement (collectively, the "**TDD Agreement**") which sets out the priority of payment of the TDD Sales Tax revenues. Pursuant to the TIF Act and the TIF Plan, 50% of the revenues from the TDD Sales Tax levied on Redevelopment Project Area I will be captured as Economic Activity Tax Revenues and transferred by the TDD to the City for deposit into the Special Allocation Fund maintained by the City (the "**TIF Portion of TDD Revenues**"). Pursuant to the TDD Agreement, the TDD and the City have agreed to deposit the TDD Sales Tax revenues received from the Department of Revenue into the TDD Sales Tax Trust Fund, after deducting (i) one percent (1%) of the total TDD Sales Tax received from the Department of Revenue payable to the City for an administrative fee, (ii) the Economic Activity Tax Revenues that are transferred to the City for deposit into the TDD Sales Tax Account of the Special Allocation Fund, and (iii) such additional amounts as needed for the City to maintain a balance of $1,000 in funds available to the City to enforce collection of the TDD Sales Tax, which Net TDD Sales Tax revenues the TDD will transfer, or cause to be transferred, to the Trustee for deposit into the TDD Sales Tax Account of the Revenue Fund pursuant to the TDD Agreement and the Indenture. Net TDD Sales Tax revenues do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer and (ii) any sum received by the TDD which is the subject of a suit or other claim communicated to the TDD which suit or claim challenges the collection of such sum.

Pursuant to the TDD Agreement, the TDD has covenanted and agreed that the officer of the TDD at any time charged with the responsibility of formulating budget proposals is directed to include in the budget proposal submitted to the TDD's Board of Directors for each fiscal year a request for an appropriation of the TDD Sales Tax revenues for use in accordance with the terms of the TDD Agreement.

THE BONDS

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

Authorization; Description of the Bonds

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Sections 99.800 to 99.865, inclusive, of the Revised Statutes of Missouri, as amended, the ("**TIF Act**"). The Bonds will be issuable as fully registered bonds, without coupons. Purchases of the Bonds will be in denominations of $5,000 or any integral multiple thereof. The Bonds will be dated as of the date of their initial issuance and delivery, and will mature as of the date set forth on the cover page of this Official Statement. The Bonds will bear interest at the rate per annum set forth on the cover page of this Official Statement, which interest will be payable on each May 1 and November 1, commencing November 1, 2018 until the maturity date of the Bonds or upon earlier redemption, as set described herein.

The Bonds, when issued, will be initially registered in the name of Cede & Co., as nominee for DTC and no beneficial owner will receive certificates representing its interest in the Bonds, except in the event the Bond Trustee issues replacement bonds as provided in the Indenture. Payment of the principal of, premium, if any, and interest on each Bond will be made, and notices and other communications to Owners will be given, directly to DTC or its nominee, Cede & Co., by the Trustee. In the event the Bonds are not in a book entry system, payment of principal of, premium, if any, and interest on the Bonds will be made and such notices and communications will be given as described in the Indenture. See "**Book-Entry System**" below.

Redemption Provisions

Optional Redemption. The Bonds maturing on and after May 1, 20___ are subject to optional redemption by the City in whole or in part at any time on any date on or after _____ 1, 20___, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Bonds maturing on May 1, 20___ and May 1, 20___ are subject to mandatory redemption on May 1 in the years set forth below in the amounts set forth below at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, without premium:

Term Bonds Maturing May 1, 20__

Year	Principal Amount
20___	$_____
20___	$_____
20___	$_____
20___	$_____
20___*	$_____

* Final Maturity

Term Bonds Maturing May 1, 20__

Year	Principal Amount
20___	$_____
20___	$_____
20___	$_____
20___	$_____
20___*	$_____

* Final Maturity

Selection of Bonds to be Redeemed. Bonds shall be redeemed only in Authorized Denominations. When less than all of the Outstanding Bonds are to be redeemed and paid prior to maturity, such Bonds or portions of Bonds to be redeemed shall be selected in Authorized Denominations by the Trustee in such equitable manner as it may determine.

In the case of a partial redemption of Bonds when Bonds of denominations greater than the minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each Authorized Denomination unit of face value shall be treated as though it was a separate Bonds of the denomination of the minimum Authorized Denomination. If one or more, but not all, of the minimum Authorized Denomination units of principal amount represented by any Bond are selected for redemption, then upon notice of intention to redeem such minimum Authorized Denomination unit or units, the Owner of such Bond or his attorney or legal representative shall forthwith present and surrender such Bond to the Trustee (i) for payment of the redemption price (including the interest to the date fixed for redemption) of the minimum Authorized Denomination unit or units of principal amount called for redemption, and (ii) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond of a denomination greater than minimum Authorized Denomination fails 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 minimum Authorized Denomination unit or units of principal amount called for redemption (and to that extent only) and shall cease to accrue interest on the principal amount so called for redemption.

Notice and Effect of Call for Redemption. In the case of Bonds called for optional redemption, the Trustee shall call Bonds for redemption and payment as herein provided and shall give notice of redemption as provided below upon receipt by the Trustee at least 40 days prior to the redemption date of a written request of the City. Unless waived by any Owner of Bonds to be redeemed, official notice of any redemption of any Bond shall be given by the Trustee on behalf of the City by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least 30 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the Register; provided, however, that failure to give such notice by mailing as aforesaid to any Owner or any defect therein as to any particular Bond shall not affect the validity of any proceedings for the redemption of any other Bonds.

All official notices of redemption shall be dated and shall state: (i) the redemption date, (ii) the redemption price, (iii) if less than all Outstanding Bonds are to be redeemed, the identification of the Bonds to be redeemed (such identification to include interest rates, maturities, CUSIP numbers and such additional information as the Trustee may reasonably determine), (iv) 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 (v) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Trustee.

In addition to the foregoing notice, the Trustee shall also comply with any mandatory requirements or guidelines, published by the Securities and Exchange Commission relating to providing notices of redemption. The failure of the Trustee to comply with any such requirements shall not affect or invalidate the redemption of said Bonds.

So long as the Securities Depository is effecting book-entry transfers of the Bonds, the Trustee shall provide the redemption notices specified in the Indenture only 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 to notify the beneficial owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Effect of Call for Redemption. On or prior to the date fixed for redemption, moneys or Government Securities shall be deposited with the Trustee as provided in the Indenture to pay the Bonds called for redemption and accrued interest thereon to the redemption date. Upon the happening of such condition, and notice having been given as specified in the Indenture, the Bonds or the portions of the principal amount of Bonds thus called for redemption shall cease to bear interest on the specified redemption date, provided moneys sufficient for the payment of the redemption price are on deposit at the place of payment at the time, and shall no longer be entitled to the protection, benefit or security of the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture.

Transfer and Exchange

The Bonds may be transferred or exchanged for other Bonds of any authorized denominations upon surrender of the Bonds at the principal corporate trust office or other designated payment office of the Trustee, duly endorsed for transfer or accompanied by an instrument of transfer in form satisfactory to the Trustee duly executed by the registered owner or such owner's duly authorized attorney or legal representative in writing. A Bond may be transferred or exchanged without cost to the owner thereof, except for any tax or other governmental charge required to be paid with respect to the transfer or exchange. The

Trustee will not be required to transfer or exchange any Bond previously selected for redemption during certain periods specified in the Indenture.

The person in whose name any Bond is registered on the bond register will be deemed and regarded as the absolute owner thereof for all purposes, except as otherwise provided in the Bond Indenture when a Book-Entry System is in effect, and payment of or on account of the principal of and premium, if any, and interest thereon will be made only to or upon the order of the registered owner thereof or his or her legal representative. All such payments will be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

CUSIP Numbers

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

Book-Entry System

The information provided immediately below concerning DTC and the Book-Entry-Only System, as it currently exists, has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter or the City.

General. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system (the "Book-Entry-Only System") maintained by DTC. DTC will act as securities depository for the Bonds. Initially, the Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). The following discussion will not apply to any Bonds issued in certificate form due to the discontinuance of the DTC Book-Entry-Only System, as described below.

DTC and its Participants. DTC 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**"). 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.

Purchase of Ownership Interests. Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "**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, but Beneficial Owners, however, are 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 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 interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Transfers. To facilitate subsequent transfers, all Bonds deposited by 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 the 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 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Voting. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of the securities 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 the Bonds are credited on the record date identified in a listing attached to the Omnibus Proxy.

Payments of Principal and Interest. So long as any Bond is registered in the name of DTC's nominee, all payments of principal of, premium, if any, and interest on such Bond will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the City, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Discontinuation of Book-Entry System. DTC may discontinue providing its services as a securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee.

Under such circumstances, in the event that a successor depository is not obtained, the Bonds are required to be printed and delivered as described in the Indenture.

The use of the system of book-entry transfers through DTC (or a successor securities depository) may be discontinued as described in the Indenture. In that event, the Bonds will be printed and delivered as described in the Indenture.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC. Neither the City nor the Underwriter takes any responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations; Sources of Payment

The Bonds and the interest thereon are special, limited obligations of the City, payable solely from the Pledged Revenues held by the Trustee as provided in the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the Owners of the Bonds, as provided in the Indenture. The "**Trust Estate**" consists of all right, title and interest of the City in the Pledged Revenues and all other moneys and securities from time to time held by the Trustee under the Indenture (except payments required to be made to meet the requirements of Section 148(f) of the Internal Revenue Code of 1986, as amended, whether or not held in the Rebate Fund).

Pursuant to the Indenture, the City has pledged, as security for the payment of the Bonds, all of its rights and interests in the Pledged Revenues which consist of (i) the Payments in Lieu of Taxes generated in the Redevelopment Project Area I, (ii) subject to annual appropriation by the City, the Economic Activity Tax Revenues (including the TIF Portion of TDD Revenues) generated in the Redevelopment Project Area I, (iii) Net TDD Sales Tax revenues transferred by the TDD to the Trustee, and (iv) subject to annual appropriation by the City, the City Revenues. The City has covenanted that the City officer responsible for formulating the City budget will be directed to include in the budget proposal submitted to the Board of Aldermen each fiscal year that the Bonds are outstanding a request for an appropriation of Economic Activity Tax Revenues on deposit in the Special Allocation Fund and any City Revenues.

No Mortgage or General Obligation. The Bonds are not secured by a mortgage on any property in the Redevelopment Project Area I. However, under the TIF Act, Payments in Lieu of Taxes that are due and owing constitute a lien against the real estate in Redevelopment Project Area I from which they are derived. Upon a default in the payment of any Payments in Lieu of Taxes on real property in the Redevelopment Project Area I, the lien for such unpaid Payments in Lieu of Taxes may be enforced, as provided by Missouri law. See the caption "**TAX INCREMENT FINANCING IN MISSOURI — Assessments and Collections of Ad Valorem Taxes**" in this Official Statement.

THE BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF AND DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.

Prospective investors are advised that none of the property in the Redevelopment Area is pledged as security for the Bonds. Neither the City, the Developer, nor any affiliate of such entity or any partner, officer, director, agent or representative of such entity, has pledged its credit or assets or has provided any guaranty, surety or undertaking of any kind, moral or otherwise, to pay the principal of, premium, if any, and interest on the Bonds.

No recourse shall be had for the payment of the principal of or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture, or the Redevelopment Agreement 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.

Pledged Revenues

Pursuant to the Indenture, the Bonds are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate in favor of the Owners of the Bonds. Under the Indenture, the City assigns to the Trustee, as security for the payment of the Bonds and the interest thereon, all "Pledged Revenues" held by the Trustee.

"**Pledged Revenues**" means all Net Proceeds and all moneys held in the Revenue Fund, the Debt Service Fund, and the Project Fund under this Indenture, together with investment earnings thereon.

"**Net Proceeds**" means all moneys on deposit (including investment earnings thereon) in (i) the PILOT Account of the Special Allocation Fund for Redevelopment Project Area I, (ii) subject to annual appropriation by the City, the Economic Activity Account of the Special Allocation Fund for Redevelopment Project Area I, (iii) the Net TDD Sales Tax revenues transferred by the TDD to the Trustee and on deposit in the TDD Sales Tax Account of the Revenue Fund, and (iv) any City Revenues on deposit in the City Revenues Account of the Revenue Fund. Net Proceeds do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, and (ii) any sum which is the subject of a suit or other claim which suit or claim challenges the collection of such sum.

"**Net TDD Sales Tax**" means, subject to annual appropriation by the Board of Directors of the TDD, the amount of TDD Sales Tax revenues received from the Department of Revenue (as defined below) and deposited into the TDD Sales Tax Trust Fund, after deducting (i) one percent (1%) of the total TDD Sales Tax received from the Department of Revenue payable to the City for an administrative fee, (ii) the Economic Activity Tax Revenues that are transferred to the City for deposit into the TDD Sales Tax Account of the Special Allocation Fund, and (iii) such additional amounts as needed for the City to maintain a balance of $1,000 in funds available to the City to enforce collection of the TDD Sales Tax, which Net TDD Sales Tax revenues the TDD will transfer, or cause to be transferred, to the Trustee for deposit into the TDD Sales Tax Account of the Revenue Fund pursuant to the TDD Agreement and the Indenture. Net TDD Sales Tax revenues do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer and (ii) any sum received by the TDD which is the subject of a suit or other claim communicated to the TDD which suit or claim challenges the collection of such sum.

"**City Revenues**" means all legally available funds appropriated by the City pursuant to the Indenture for the payment of the principal of and interest on the Bonds, excluding TIF Revenues, that are deposited into the City Revenues Account of the Revenue Fund.

The application of Economic Activity Tax Revenues and any City Revenues to the payment of the Bonds is subject to annual appropriation by the City. There can be no assurance that the City will appropriate such revenues in any year and the Indenture does not obligate the City to do so.

However, pursuant to the Indenture, the City covenants that a request for appropriations will be included in each annual budget.

The application of the Net TDD Sales Tax to the payment of the Bonds is subject to annual appropriation by the Board of Directors of the TDD. There can be no assurance that the Board of Directors will appropriate such revenues in any year.

Because the TIF Act provides that 23 years is the maximum amount of time for the retirement of obligations incurred to finance redevelopment project costs, the obligation of the City to transfer Economic Activity Tax Revenues and Payments in Lieu of Taxes to the Trustee for the repayment of the Bonds terminates on October 2, 2028 whether or not the principal amount thereof or interest thereon has been paid in full. Thereafter, the revenues available for repayment of the Bonds, subject to appropriation by the TDD's board of directors, will consist solely of revenues from the Net TDD Sales Tax which terminates on June 30, 2030.

Source of Revenues	Start Date	End Date
Payments in Lieu of Taxes, Economic Activity Tax Revenues and the TIF portion of Net TDD Sales Taxes	October 3, 2005	October 2, 2028
Net TDD Sales Taxes(1)	January 1, 2006	December 31, 2030

(1) Prior to October 2, 2028, the Net TDD Sales Taxes will include only the portion of the TDD Sales Tax captured as Economic Activity Tax Revenues unless the Redevelopment Plan is terminated earlier than the termination date under the TIF Act. From and after October 2, 2028 or any earlier termination, the Net TDD Sales Taxes will include all of the revenues from the TDD Sales Tax (subject to the reductions permitted under the TDD Agreement and the Indenture as described herein).

The following chart sets fort the local sales tax rates that are expected to be included in Economic Activity Tax Revenues and, if applicable, the expiration date for such sales tax:

Local Sales Tax	Tax Rate(1)	Current Expiration Date
City – General Revenue	1.000%	None
City – Parks	0.500%	None
City – Public Safety(2)	0.250%	None
City – Public Safety(2)	0.125%	None
County – General Revenue	0.750%	None
County – Capital Improvement	0.250%	December 31, 2026
County – Law Enforcement	0.250%	None
TDD Sales Tax	1.000%	December 31, 2030
Total Tax Rate	4.125%	

(1) See the caption "**BONDOWNERS' RISKS – Reductions in State and Local Tax Rates**" in this Official Statement.

(2) The City's public safety taxes were first imposed on October 1, 2009.

Transfers and Deposits to the Revenue Fund

Pursuant to the TIF Act, the City has established a Special Allocation Fund that the City shall maintain and administer solely for the purposes provided in the Indenture until such time as the Indenture has been

discharged pursuant to the terms thereof. The City has pledged, as security for the payment of the Bonds, all of its rights and interests in (i) the Payments in Lieu of Taxes generated in the Redevelopment Project Area I, (ii) subject to annual appropriation by the City, the Economic Activity Tax Revenues (including the TIF Portion of TDD Revenues) generated in the Redevelopment Project Area I, (iii) Net TDD Sales Tax revenues transferred by the TDD to the Trustee, and (iv) subject to annual appropriation by the City, the City Revenues.

The City has agreed pursuant to the Indenture to transfer as soon as practicable (but not later than the 1st Business Day of each month following receipt thereof) all Economic Activity Tax Revenues and all Payments in Lieu of Taxes received by the City to the Trustee for deposit in the TIF Revenues Account of the Revenue Fund.

The TDD has agreed pursuant to the TDD Agreement to transfer as soon as practicable (but no later than the 1st Business Day of each month following receipt thereof) all Net TDD Sales Tax revenues to the Trustee for deposit in the TDD Sales Tax Account of the Revenue Fund.

On the 15th day of the month preceding any Interest Payment Date, the Trustee shall notify the City of the amount of the deficiency, if any, taking account amounts on deposit in the Revenue Fund and the Bond Payment Account of the Debt Service Fund, to pay an installment of principal and/or interest on the Bonds on the next Interest Payment Date or mandatory sinking fund payment date. On or prior to the second Business Day prior to such Interest Payment Date or mandatory sinking fund payment date, the City shall transfer City Revenues in an amount equal to such deficiency, subject to annual appropriation by the City and any other provisions of the Indenture. Moneys provided to the Trustee by the City constituting City Revenues shall be deposited as and when received by the Trustee into the City Revenues Account of the Revenue Fund.

Application of Moneys in Revenue Fund

Moneys in the Revenue Fund shall be held in trust and shall be applied by the Trustee on the 25th day (or if such day is not a Business Day, the immediately preceding Business Day) prior to each Interest Payment Date, except as otherwise provided below, first from the TIF Revenues Account, second from the TDD Sales Tax Account, until the amount drawn therefrom equals the TDD Sales Tax Limit, and last, from the City Revenues Account, as follows:

First, transfer to the Rebate Fund, when necessary, an amount sufficient to pay any arbitrage rebate, if any, to the United States of America, owed under Section 148 of the Code, including any costs of calculating the arbitrage rebate, as directed in writing by the City in accordance with the Tax Letter of Instructions;

Second, taking into account amounts on deposit in the Debt Service Fund, transfer to the Bond Payment Account of the Debt Service Fund an amount sufficient to pay the interest due on the Bonds on the next succeeding Interest Payment Date;

Third, transfer to the Bond Payment Account of the Debt Service Fund, taking into account any amounts that may be on deposit in such account, an amount sufficient to pay the principal due on the Bonds by their terms on the next succeeding Interest Payment Date;

Fourth, if the next succeeding Interest Payment Date is May 1, transfer to the Bond Payment Account of the Debt Service Fund an amount sufficient to pay principal due on the Bond by their terms on the second succeeding Interest Payment Date;

Fifth , transfer 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; and

Sixth, transfer to the City, any amount remaining in the City Revenues Account and an amount to be applied as reimbursement to the City for any City Revenues that the Trustee applied to the payment of debt service on the Bonds in any prior payment period.

If the moneys in the Bond Payment Account of the Debt Service Fund are insufficient to pay all scheduled principal of and interest becoming due (by reason of maturity or mandatory sinking fund redemption) on the Bonds on any Interest Payment Date, then such money shall be applied ratably to the payment of interest, according to the amounts due on such installment, to the persons entitled thereto without any discrimination or privilege, then any remaining money shall be applied ratably to the payment of principal of the Series Bonds, according to the amounts due on such installment, to the persons entitled thereto without any discrimination or privilege. Any unpaid interest shall be compounded semi-annually on each Interest Payment Date.

PLAN OF FINANCING

Estimated Sources and Uses of Funds

Following is a summary of the anticipated sources and uses of funds in connection with the issuance of the Bonds:

Sources of Funds:	
Principal Amount of the Bonds	$ _____
Net Original Issue Discount/Premium	_____
Other moneys contributed by the City	_____
Total Sources of Funds	$_____
Uses of Funds:	
Deposit to the Refinancing Account of the Project Fund	$ _____
Costs of Issuance[(1)]	_____
Total Uses of Funds	$_____

(1) Includes underwriter's discount (see "UNDERWRITING" herein) and other costs of issuance incurred in connection with the issuance of the Bonds.

Refinancing

On the date of issuance of the Bonds, the Trustee will transfer a portion of the proceeds of the Bonds to the trustee for the Series 2007 Bonds to be applied, along with funds on deposit in the debt service reserve fund and the revenue fund for the Series 2007 Bonds, for the redemption in full of the Series 2007 Bonds on or about May ____, 2018 (the "**Redemption Date**") at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date.

THE HARRISONVILLE TOWNE CENTER PROJECT

Overview of the Redevelopment Area

Pursuant to the Redevelopment Plan, the City and the TIF Commission established the Redevelopment Area which consists of 41.98 acres located at the northeast corner of U.S. Highway 71 and Commercial Street within the corporate limits of the City. The Redevelopment Area was undeveloped vacant land and is surrounded by retail and commercial parcels The Redevelopment Area will be developed in one or more redevelopment project areas.

The Project

The Project consists of Redevelopment Project I established under the Redevelopment Plan. The Project was developed in accordance with the terms of the Redevelopment Agreement by D. J. Christie, Inc., as assigned to Harrisonville Partners, LLC (the "**Redeveloper**"). Redevelopment Project I utilizes approximately 22.5 acres of the approximately 42-acre Redevelopment Area. No redevelopment projects have been developed in the remaining portion of the Redevelopment Area.

The development plan for the Project includes (i) an approximately 135,000 square foot Sutherlands Lumber home-improvement store to serve as the anchor tenant, (ii) 11,250 square feet of shop space (expandable to 19,822), (iii) three out-parcels, consisting of approximately 17,500 square feet of retail space, and (iv) the construction and renovation of related necessary public improvements such as sidewalks, parking lots and other necessary utility improvements.

The City entered into a Covenant to Construct, Open and Operate with Sutherland Lumber Company of Kansas City, LLC ("**Sutherlands**") and the Redeveloper pursuant to which the Redeveloper was obligated to deliver a pad ready site to Sutherlands and Sutherlands was obligated to construct a 135,000 square foot home improvement store. The store was constructed, stocked and opened by Sutherlands in accordance with the agreement.

The Redeveloper and Russell Stover Candies entered into an agreement for the construction of an approximately 3,000 square foot building on one of the outparcels for lease to Russell Stover Candies for operation of a specialty candy store. The store was opened and is operating within Redevelopment Project I

Lots 2 and 3 within Redevelopment Project I remain undeveloped and are being marketed by the Redeveloper; however, no assurances can be made that any development will occur on such lots during the term of the Bonds or, if any such development occurs, that the development will generate any economic activities that generate Pledged Revenues available for payment of debt service on the Bonds.

(*Remainder of this page intentionally left blank*)

The following map depicts the development of Redevelopment Project I. The Comfort Inn & Suites depicted on the following map is not located within Redevelopment Project I.



(*Remainder of this page intentionally left blank*)

Historical Collections of Pledged Revenues

The chart below reflects data on the amount of Pledged Revenues deposited with the trustee for the Series 2007 Bonds for calendar years 2007 through 2017. Such data is included in this Official Statement for illustrative purposes to provide information on potential future Net Revenues. None of the City, the Redeveloper, the TDD or the Underwriter make any representation regarding the receipt of Pledged Revenues in the future. See the caption "**BONDOWNERS' RISKS**" in this Official Statement.

Year	Payments in Lieu of Taxes	Economic Activity Tax Revenues	TDD Revenues	City Revenues	Total
2007	$ 54,097	$ 55,267	$ 82,546	$ 0	$191,910
2008	104,922	23,650	124,401	0	252,973
2009	103,232	215,919	111,964	0	431,115
2010	139,047	166,265	85,291	233,859	624,462
2011	144,267	192,801	120,158	188,182	645,408
2012	127,909	189,606	120,701	165,042	603,258
2013	158,182	134,911	121,919	0	415,012
2014	148,982	261,870	129,470	200,000	740,322
2015	144,052	206,163	130,994	224,000	705,209
2016	144,052	223,739	142,292	130,500	640,583
2017	165,805	220,830	142,325	180,000	708,960

Source: The City and account statements and reports provided by the trustee for the Series 2007 Bonds.
Note : Pledged Revenues are included in the calendar year received by the trustee for the Series 2007 Bonds.

DEBT SERVICE REQUIREMENTS FOR THE BONDS

The following table sets forth the annual debt service requirements for the Bonds to be paid by the City during each fiscal year ending December 31 from Pledged Revenues.

Fiscal Year Ending December 31	Principal[1]	Interest[1]	Total[1]
2018	$_____	$_____	$_____
2019	$_____	$_____	$_____
2020	$_____	$_____	$_____
2021	$_____	$_____	$_____
2022	$_____	$_____	$_____
2023	$_____	$_____	$_____
2024	$_____	$_____	$_____
2025	$_____	$_____	$_____
2026	$_____	$_____	$_____
2027	$_____	$_____	$_____
2028	$_____	$_____	$_____
Total	$_____	$_____	$_____

(1) Preliminary; subject to change.

BONDOWNERS' RISKS

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

Nature of the Obligations

The Bonds and the interest thereon are special, limited obligations of the City and are payable solely from and secured by the Pledged Revenues and other moneys on deposit under the Indenture. The realization of such revenues is dependent upon, among other things, the capabilities of owners and managers of development projects in Redevelopment Project Area I and future changes in economic and other conditions that are unpredictable and cannot be determined at this time. The Bonds do not constitute a general obligation of the City and do not constitute 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 Bonds. The City has expressed its intent to appropriate City Revenues sufficient to make debt service payments on the Bonds in the event that TIF Revenues or Net TDD Revenues are insufficient for such purposes; however, the City is under no obligation to make such appropriations.

Risk of Non-Appropriation

The application of any Economic Activity Tax Revenues and City Revenues to the payment of the principal of and interest on the Bonds is subject to annual appropriation by the City. Although the City has covenanted in the Indenture that the appropriation of the Economic Activity Tax Revenues to the Special Allocation Fund and City Revenues will be included in the budget submitted to the Board of Aldermen for each fiscal year, there can be no assurance that such appropriation will be made by the Board of Aldermen, and the Board of Aldermen is not legally obligated to make any such appropriation.

The application of the Net TDD Sales Tax revenues to the payment of the principal of and interest on the Bonds is subject to annual appropriation by the Board of Directors of the TDD. There can be no assurances that such appropriation will be made by the Board of Directors of the TDD. Pursuant to the TDD Agreement, TDD is obligated to submit a budget in compliance with the TDD Agreement to the City for review and approval. The TDD Agreement sets forth the permitted uses of the Net TDD Sales Tax revenues, including the application of such revenues to the repayment of bonds issued to finance the TDD projects, including the Series 2018 Bonds.

Reliance on Developer, Tenants and Property Owners

The development of the Harrisonville Towne Center Project has been undertaken by the Developer and those parties contracting with the Developer. The Developer is under no obligation to own the Harrisonville Towne Center Project for the term of the Bonds. The Developer has sold the parcel of Redevelopment Project Area I upon which the Sutherlands Lumber home-improvement store is located to Sutherlands. To the extent that the Developer has sold or sells any part of the Harrisonville Towne Center Project, the payment of debt service on the Bonds will be dependent (regardless of occupancy) on subsequent owners of the Harrisonville Towne Center Project to provide the payment of Payments in Lieu of Taxes for deposit into the Special Allocation Fund.

Any leases for the Harrisonville Towne Center Project will provide that each tenant is responsible for its pro rata share of any real estate taxes (including Payments in Lieu of Taxes) and certain other common expenses. If any tenant defaults in paying its pro rata share of such taxes or other common expenses, the Developer or any subsequent owner(s) of the Harrisonville Towne Center Project will be responsible for such payments, although the Developer or other owner(s) would have the right to declare a default under the tenant's lease if the tenant failed to pay such amounts.

A tenant may cease operations but continue to pay rent to the Developer or other owner. Under such circumstances, no Economic Activity Tax Revenues would be generated by the tenant with respect to the Harrisonville Towne Center Project. In addition, the Developer has no obligation to lease or sell space at the Harrisonville Towne Center Project solely to entities that generate Economic Activity Tax Revenues, and the Developer (or other owner(s)) may modify, demolish, redevelop or change the Harrisonville Towne Center Project in such manner as it may determine. See caption "**THE HARRISONVILLE TOWNE CENTER PROJECT**" in this Official Statement

The availability of Payments in Lieu of Taxes, Economic Activity Tax Revenues and Net TDD Sales Taxes to pay debt service on the Bonds is largely dependent on the continued operation of the Anchor Tenant. No assurances can be given that the Anchor Tenant will continue operating its store within Redevelopment Project Area I.

No Mortgage

Payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on Redevelopment Project Area I or any portion thereof: however, under the TIF Act. Payments in Lieu of Taxes that are due and owing constitute a lien against the real estate in Redevelopment Project Area I from which they are derived. Upon a default in the payment of any Payments in Lieu of Taxes, the lien for unpaid Payments in Lieu of Taxes may be enforced by the County.

Lease Terms

The City has no any information relating to the current scheduled termination dates of any leases with Redevelopment Project Area I. No assurances can be given that any tenant operating within Redevelopment Project Area I is obligated pursuant to its existing lease to continue occupying its respective retail space and operating its business through the final maturity date of the Bonds or that any tenant will not cancel its lease.

Failure to Maintain Levels of Assessed Valuation

There can be no assurance that the assessed value of the Redevelopment Project Area I will equal or exceed the forecasted assessed value. There can be no assurance that such assessed value will be maintained throughout the term of the Bonds. If at any time during the term of the Bonds the actual assessed value is less than forecasted, the amount of the Payments in Lieu of Taxes will be less than forecasted and the amounts paid into the Special Allocation Fund may not be sufficient to pay debt service on the Bonds.

Even if the County Assessor's determination of the assessed value of Redevelopment Project Area I equals or exceeds the forecasted assessed value, landowners in Redevelopment Project Area I have the right to appeal such determination. If any such appeal is not resolved prior to the time when real estate taxes and Payments in Lieu of Taxes are due, the taxpayer may pay the taxes and Payments in Lieu of Taxes under protest. In such event, that portion of taxes and Payments in Lieu of Taxes being protested will not be available for deposit into the Special Allocation Fund until the appeal has been concluded. If the appeal is resolved in favor of the taxpayer, the assessed value will be reduced, in which event the Payments in Lieu of Taxes may be less than forecasted. See the caption "**TAX INCREMENT FINANCING IN MISSOURI — Assessment and Collection of Ad Valorem Taxes**" in this Official Statement.

Exempt Properties; Tax Abatement or Rebate

Missouri law exempts certain uses and property owners from the payment of real property taxes, including the payment of Payments in Lieu of Taxes. There is no obligation on the part of the property owner to lease any space within Redevelopment Project Area I to entities that are not exempt from such taxes. If the property owner leases space within Redevelopment Project Area I to entities that are exempt from paying such taxes, the Pledged Revenues may be less than would have otherwise been available to pay debt service on the Bonds.

Tax Increment Financing Litigation – In General

From time to time cases are filed in a Missouri court challenging certain aspects of the TIF Act. Circuit courts in Missouri are trial courts and decisions in those courts are not binding on other Missouri courts. Circuit court decisions, whether favorable or unfavorable with respect to the constitutionality and application of the TIF Act, may be appealed to a Missouri Court of Appeals, and, ultimately, the Missouri Supreme Court. If the plaintiffs are successful in one or more of the currently pending cases, the court's decision may interpret the requirements of the TIF Act in a manner adverse to the establishment of tax increment financing for Redevelopment Project Area I. It is not possible to predict whether an adverse holding in any current or future litigation would prompt a challenge to the adoption of tax increment financing in Redevelopment Project Area I. If current or future litigation challenging all or any part of the TIF Act were to be applied to the adoption of tax increment financing in Redevelopment Project Area I, the Pledged Revenues may not be available to pay principal of and interest on the Bonds, the enforceability of the Indenture could be adversely affected. None of the City or any other party involved in the issuance and sale of the Bonds can predict or guarantee the outcome of any currently pending or future litigation challenging the constitutionality or the application of the TIF Act or the application by a court of a potential holding in any case to other tax increment projects.

Changes in State and Local Tax Laws

Any change in the current system of collection and distribution of real property taxes, Payments in Lieu of Taxes and Economic Activity Tax Revenues in the County or the City, including without limitation the reduction or elimination of any such tax, judicial action concerning any such tax or voter initiative, referendum or action with respect to any such tax, could adversely affect the availability of revenues to pay the principal of and interest on the Bonds. There can be no assurance that the current system of collection and distribution of the real property taxes, Payments in Lieu of Taxes or Economic Activity Tax Revenues in the County or the City will not be changed by any competent authority having jurisdiction to do so, including without limitation the State, the County, the City, school districts, the courts or the voters, and the Indenture does not limit the ability of the City to make any such changes with respect to City taxes and levies.

Reductions in State and Local Tax Rates

Any taxing district in Redevelopment Project Area I could lower its tax rate, which would have the effect of reducing the Payments in Lieu of Taxes and Economic Activity Tax Revenues derived from Redevelopment Project Area I. Such a reduction in rates could be the result of the governing body of the taxing district's desire to lower tax rates, taxpayer initiative, or in response to state or local litigation or legislation affecting the broader taxing structure within the taxing district, such as litigation or legislation affecting the primary reliance on ad valorem property taxes to fund elementary and secondary education in the State.

The imposition of certain sales taxes currently being collected in the Redevelopment Project Area are scheduled to expire during the term of the Bonds as described under the caption "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledged Revenues**" in this Official Statement. No

assurance can be made that any expiring sales taxes will be renewed or extended or if renewed or extended, such sales taxes will continue at the current rates.

Development of Property within Redevelopment Project Area I

There can be no assurance that the undeveloped property in Redevelopment Project Area I will be further developed, or if it is further developed, at what schedule or with what end uses or values. Prospective investors should evaluate the likelihood of further development and what effects further development will have on the ability of the development to generate sufficient Pledged Revenues.

Limitations on Remedies

The remedies available upon a default under the Indenture and other legal documents relating to the 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, the Redevelopment Agreement 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 Bonds will be expressly subject to the qualification that the enforceability of the Indenture, the Redevelopment Agreement 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.

Changes in Economic and Market Conditions

Changes in real estate market conditions in the Kansas City metropolitan area, as well as changes in general or local economic conditions, could adversely affect the value of the property and the level of economic activity in Redevelopment Project Area I and, consequently, the amounts of Pledged Revenues available payment of debt service on the Bonds.

Factors Affecting Economic Activity Tax Revenues and TDD Sales Tax Revenues

Overview. Economic Activity Tax Revenues and TDD Sales Tax Revenues are contingent and may be adversely affected by a variety of factors, including economic conditions within Redevelopment Project Area I and the surrounding area, competition from other retail businesses, rental rates and occupancy rates in Redevelopment Project Area I, suitability of the Harrisonville Towne Center Project for the local market, local unemployment, availability of transportation, neighborhood changes, crime levels in the area, vandalism, operating costs and interruption or termination of operation of the commercial or retail developments in Redevelopment Project Area I as a result of fire, natural disaster, strikes or similar events, among many other factors. As a result, it is difficult to predict with certainty the expected amount of Economic Activity Tax Revenues and TDD Sales Tax Revenues which will be available for appropriation and available to pay the principal of and interest on the Bonds. The retail sales industry is highly competitive. Retail businesses outside of Redevelopment Project Area I, which are currently existing or which are developed after the date of this Official Statement, will be competitive with retail businesses in Redevelopment Project Area I and could have all adverse impact on the available amount of Economic Activity Tax Revenues and TDD Sales Tax Revenues generated within Redevelopment Project Area I.

Damage or Destruction of the Project. In addition to the foregoing, the partial or complete destruction of the Harrisonville Towne Center Project as a result of fire, natural disaster or similar casualty event, or the temporary or permanent closing of one or more retail establishments in the Harrisonville Towne Center Project due to strikes or business failure, would adversely affect the Economic Activity Tax Revenues and TDD Sales Tax Revenues derived from Redevelopment Project Area I and thereby adversely affect the revenues available to pay the Bonds. A casualty event to the Harrisonville Towne Center Project may also adversely affect the amount of Payments in Lieu of Taxes derived from Redevelopment Project Area I. Any insurance maintained by owners or tenants of the Harrisonville Towne Center Project for such casualty or

business interruption is not likely to include coverage for property or sales taxes that otherwise would be generated by the establishment.

State Legislative Action. The Missouri General Assembly has the authority to amend the provisions of Missouri State law governing the sales taxes imposed by the City. Changes to the tax base and exemptions could adversely affect the amount of Economic Activity Tax Revenues received by the City and TDD Sales Tax revenues received by the TDD. Any such amendment could reduce the amount of Economic Activity Tax Revenues and TDD Sales Tax revenues available to pay debt service on the Bonds.

Changes in Economic and Demographic Conditions. Sales tax revenues historically have been sensitive to changes in local, regional and national economic conditions. For example, sales tax revenues have historically declined during economic recessions, when high unemployment adversely affects consumption. Demographic changes in the population of the market area for the Harrisonville Towne Center Project may adversely affect the level of sales tax revenues. A decline in population, or reductions in the level of tourism in the market area, could reduce the number and value of taxable transactions and thus reduce the amount of sales tax revenues. It is not possible to predict whether or to what extent any such changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur, and what impact any such changes would have on Economic Activity Tax Revenues and TDD Sales Tax revenues.

Competition. Increases in sales tax rates in the City may create incentives for certain purchases to be made in jurisdictions with lower overall sales tax rates. As a result, increasing sales tax rates may prompt certain commercial and industrial activities to relocate to jurisdictions with lower sales tax rates. In addition, several shopping centers in the Kansas City metropolitan area may be possible competitors of the Harrisonville Towne Center Project.

Early Redemption of the Bonds

The Indenture provides that the Bonds are subject to redemption as set forth under the caption "**THE Bonds – Redemption**" in this Official Statement. Purchasers of the Bonds should bear in mind that such redemption could affect the price of the Bonds in the secondary market.

Risk of Taxability

For information with respect to events occurring subsequent to issuance of the Bonds that may require that interest on the 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. Bond Counsel cannot predict whether the Service will commence an audit of the Bonds. Owners of the Bonds are advised that, if the Service does audit the 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 the Bonds may have limited rights to participate in the audit. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome thereof.

Secondary Market for the Bonds

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

investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

Forward-Looking Statements

Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended, and reflect the City's current expectations, hopes, intentions or strategies regarding the future. Such statements may be identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend" or other similar words. Such forward-looking statements include, among others, certain statements under this section captioned "**BONDOWNERS' RISKS**."

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS, INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (iii) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE.

UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE CITY ON THE DATE HEREOF, AND THE CITY ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS INDICATED UNDER THE CAPTION "CONTINUING DISCLOSURE."

LITIGATION

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 Redevelopment Plan, the Harrisonville Towne Center Project or the Redevelopment Project Areas, the constitutionality or validity of the Bonds, the legality of any official act taken in connection with the execution and delivery of the Indenture or the legality of any of the proceedings

had or documents entered into in connection with the authorization, execution and delivery of the Indenture or the issuance of the Bonds.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Bryan Cave Leighton Paisner LLP, Kansas City, Missouri, Bond Counsel, whose approving opinion will be delivered with the Bonds. The expected form of such opinion is attached as **Appendix D** hereto. Certain legal matters related to this Official Statement will be passed upon by Bryan Cave Leighton Paisner LLP, Kansas City, Missouri. Certain legal matters will be passed upon for the City by Bryan Cave Leighton Paisner LLP, Kansas City, Missouri. Gilmore & Bell, P.C., St. Louis, Missouri, serves as counsel to the Underwriter.

TAX MATTERS

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

Opinion of Bond Counsel

In the opinion of Bryan Cave Leighton Paisner LLP, Bond Counsel to the City, under the law existing as of the issue date of the Bonds:

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

Alternative Minimum Tax. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income for taxable years that began prior to January 1, 2018.

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

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

Other Tax Consequences

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

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

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

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

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

consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Bondowners to send certain financial information and operating data to certain information repositories annually and to provide notice to such information repositories or the Municipal Securities Rulemaking Board of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule l5c2-12, as amended (the "**Rule**"). See **Appendix E** to this Official Statement for the form of the Continuing Disclosure Agreement.

Prior Compliance with Continuing Disclosure Undertakings. The City has previously entered into continuing disclosure undertakings for other bond issues similar to the Continuing Disclosure Agreement, to provide to the national information repositories (presently, only the Municipal Securities Rulemaking Board) the audited financial statements of the City and updates of certain operating data.

The City failed to comply with its prior undertakings during the past five years in the following respects:

1. The City's annual financial statements and operating data for fiscal years ended December 31, 2012 and December 31, 2013 were filed after the filing deadlines, without notice of late filing.

2. The annual reports for the fiscal years ended December 31, 2012 through December 31, 2016 were incomplete when filed, missing tables related to revenue receipts and assessed value information.

3. The City failed to link any audits or annual reports to its Electric System Refunding Revenue Bonds, Series 2007.

The City subsequently submitted the missing filings from the past five years. The City has developed and is implementing policies and procedures to ensure better compliance with the City's continuing disclosure requirements.

FINANCIAL ADVISOR

McLiney And Company, Kansas City, Missouri (the "**Financial Advisor**"), a registered municipal advisor, is serving as financial advisor to the City. The Financial Advisor is a financial and investment advisory and consulting organization and is not engaged in the underwriting, marketing or trading of municipal securities or other negotiable instruments. The Financial Advisor has assisted in various matters relating to the planning, structuring and issuance of the Bonds, but has not passed on the accuracy or completeness of the factual information contained in this Official Statement.

UNDERWRITING

The Bonds are being purchased for reoffering by Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of $_____ (which is equal to the aggregate principal amount of the Bonds, plus net reoffering premium of $_____, less underwriter's discount of $_____). The Bond Purchase Agreement with respect to the Bonds (the "**Bond Purchase Agreement**") provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Bonds is subject to the various conditions of the Bond Purchase Agreement.

The Underwriter intends to offer the Bonds to the public initially at the offering prices set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers

depositing Bonds into investment trusts) at prices lower than the public offering prices. In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

RATINGS

S&P Global Ratings has assigned a long-term municipal bond rating of "A" to the Bonds. Such rating reflects only the views of such rating agency, and an explanation of the significance of such rating may be obtained therefrom. There is no assurance that the rating will remain in effect for any given period of time or that either or both will not be revised, either downward or upward, or withdrawn entirely, by said rating agency if, in their judgment, circumstances warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

CERTAIN RELATIONSHIPS

Bryan Cave Leighton Paisner LLP, Bond Counsel, has represented the Underwriter and the Financial Advisor in transactions unrelated to the issuance of the Bonds, but is not representing neither the Underwriter nor the Financial Advisor in connection with the issuance of the Bonds. Gilmore & Bell, P.C., counsel to the Underwriter, has represented the City in transactions unrelated to the issuance of the Bonds, but is not representing the City in connection with the issuance of the Bonds.

MISCELLANEOUS

The references herein to the TIF Act, the Indenture, the Redevelopment Plan and the Redevelopment Agreement are brief outlines of certain provisions of such documents and do not purport to be complete. Reference is made to the TIF Act, and such documents for full and complete statements of their provisions. Copies of such documents are on file at the offices of the Underwriter (see the section herein captioned "**INTRODUCTION - Definitions, Summaries of Documents and Additional Information**") and following delivery of the Bonds will be on file at the office of the Trustee.

Any statements in this Official Statement involving matters of opinion or forecast, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City, the Underwriter and the purchasers or owners of the Bonds.

The agreement of the City with the owners of the Bonds is fully set forth in the Indenture, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting all agreement with the purchasers of the Bonds.

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

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.

(*Remainder of this page intentionally left blank*)

The City has reviewed the information contained herein which relates to each of them and have approved all such information for use in this Official Statement.

CITY OF HARRISONVILLE, MISSOURI

By:_____
Mayor

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX A

INFORMATION REGARDING THE CITY OF HARRISONVILLE, MISSOURI

TABLE OF CONTENTS

Page (A-)

GENERAL AND DEMOGRAPHIC INFORMATION 1
- General 1
- Municipal Services and Utilities 1
- Public Safety 2
- Transportation and Communication Facilities 2
- Educational Institutions and Facilities 2
- Health Care and Medical Facilities 2
- Recreational Facilities 3
- Economy 3
- Insurance 3

ECONOMIC INFORMATION CONCERNING THE CITY 4
- Employment 4
- Employment Information 5
- Income Statistics 5
- General and Demographic Information 5
- Building Construction 6

DEBT STRUCTURE OF THE CITY 7
- Debt Ratios and Related Information 7
- General Obligation Bonds 7
- Revenue Bonds Outstanding 7
- Estimated Overlapping Indebtedness 8
- Legal Debt Capacity 8
- Tax Increment Financing 8
- Other Obligations of the City 9
- Pension Plans 9

FINANCIAL INFORMATION CONCERNING THE CITY 10
- Accounting, Budgeting and Auditing Procedures 10
- Sources of Revenue 10
- Summary Statement of Revenues, Expenditures and Changes in Governmental Funds 11
- Property Valuations 12
- Property Tax Levies and Collections 13
- Tax Rates 13
- Tax Collection Record 15

APPENDIX A

INFORMATION REGARDING THE CITY OF HARRISONVILLE, MISSOURI

GENERAL AND DEMOGRAPHIC INFORMATION

General

The City is located in west central Missouri and is the county seat of Cass County. It is located approximately 33 miles south of Kansas City. Its location in Cass County makes it part of the Kansas City Metropolitan Statistical Area ("**Kansas City MSA**"), which is comprised of Bates County, Caldwell County, Cass County, Clay County, Clinton County, Jackson County, Lafayette County, Platte County and Ray County in Missouri and Franklin County, Johnson County, Leavenworth County, Linn County, Miami County and Wyandotte County in Kansas. The total area of the City is approximately 8.7 square miles. According to the U.S. Census Bureau, the City's 2016 estimated population is 10,042 persons.

The City was established in 1837 and incorporated in 1851. The City is a fourth-class city and political subdivision of the State of Missouri, organized and existing under the Constitution and laws of the State of Missouri. The City is governed by a Mayor-Board of Aldermen form of municipal government. The legislative body of the City is the Board of Aldermen, which is comprised of a mayor who is elected at-large every four years and eight aldermen, who are elected from four wards to serve alternating four-year terms.

The current elected officials of the City are:

Name	Title	Current Term Expires	Year First Elected
Brian Hasek	Mayor	2019	2015
Brad Bockelman	Alderman – Ward 1	2020	2016
Judy Bowman	Alderman – Ward 1	2019	2015
Judy Reece	Alderman – Ward 2	2020	2016
Marcia Milner	Alderman – Ward 2	2019	2015[(1)]
David Dickerson	Alderman – Ward 3	2020	2008
Clint Young	Alderman – Ward 3	2019	2015
Matt Turner	Alderman – Ward 4	2020	2016
Jessica Levsen	Alderman – Ward 4	2019	2018[(2)]

(1) Initially appointed to fill a vacancy on the Board of Aldermen in 2012.
(2) Appointed to fill a vacancy on the Board of Aldermen in 2018.

Policies and regulations are established and enacted by the Mayor and Board of Aldermen; these policies and regulations are carried out by the following departments: General Administration, Code Administration, Community Development, Emergency Services, Electrical, Finance, Law Enforcement, Parks and Recreation and Public Works.

In addition to the above–listed elected officials, the Board of Aldermen of the City appoints a City Administrator, a City Attorney, a City Clerk and members of various boards and commissions.

Municipal Services and Utilities

The City operates a combined waterworks and sewerage system. The system is financed by self-sustaining usage charges.

The City distributes electricity, maintains the lines, and bills customers at retail. The City buys wholesale electric power from Missouri Joint Municipal Electric Utility Commission. Spire Energy provides gas service throughout the City and is regulated by the Missouri Public Service Commission.

Public Safety

The Harrisonville Emergency Services Department offers 24 hour fire, emergency management and emergency medical service to the City. The Department consists of an Emergency Services Director, three captains, nine firefighting EMT's and nine firefighting Paramedics plus part-time and volunteer firefighting and emergency medical personnel. The department has three advanced life support ambulances, a ladder truck and three pumper trucks.

The Harrisonville Police Department consists of a police chief, 2 lieutenants, 4 sergeants, 13 police officers, 2 detectives and 2 student resource officers.

Transportation and Communication Facilities

The City is located at the intersection of U.S. Highway 71, and Missouri State Highways 7 and 291. The City owns the Lawrence Smith Memorial Airport that has a 4,000 foot paved runway. The Kansas City International Airport is located approximately 60 miles north of the City. The B & H Freight Line located in the City provides access to national freight carriers including Consolidated Freightways, Yellow Transit, Roadway and J.B. Hunt. The Missouri and Northern Arkansas Railroad services the City. There is also a special services public transportation program.

The City is served by television and radio stations in the Kansas City MSA. Charter Communications provides cable television and internet services. Local news coverage is provided by The Kansas City Star published daily and the Cass County Democrat Missourian published weekly.

Educational Institutions and Facilities

The Harrisonville R-IX School District of Harrisonville, Missouri (the "**District**") currently holds an accredited rating from the State Department of Elementary and Secondary Education, which is the highest rating attainable. The District has two elementary schools, a middle school and a senior high school with a total enrollment of 2,375. In addition the District operates an Early Childhood Center that houses preschool and kindergarten and a vocational school with students from eleven school districts in Cass County. Harrisonville Christian School offers private education for grades K-8.

Higher education is offered to residents of the City by many colleges, technical schools and universities in Cass County and the Kansas City MSA. Some of these schools are: Metropolitan Community College located in Lee's Summit, Missouri; DeVry Institute of Technology located in Kansas City, Missouri; Johnson County Community College located in Overland Park, Kansas; University of Missouri-Kansas City located in Kansas City, Missouri; the Metropolitan Community Colleges located in Kansas City, Missouri and many other colleges and universities located in Kansas and Missouri.

Health Care and Medical Facilities

Cass Regional Medical Center, a general acute care facility, is located in the City. The medical center consists of a 22-bed medical/surgical section, a 3-bed intensive care section and a 10-bed behavioral health section. Lee's Summit Medical Center, a 64-bed facility is located approximately 18 miles northwest of the City. Lee's Summit Medical Center offers cardiology services, a chest pain center, a primary stroke center, surgical services and many other specialties and services. Truman Medical Center, a national academic center, specializes in all aspects of health care. Truman Medical Center Lakewood, one of the two Truman Medical

Center hospitals, is located 21 miles northwest of the City. Residents of the City can also use the numerous hospitals and medical centers in the Kansas City MSA.

Recreational Facilities

Year-round activity programs are sponsored by the City's Parks and Recreation Department, which includes 11 public park areas encompassing 400 acres of land. The City operates a recreation center which offers fitness, sports and other activities. Tennis courts, one golf course, a gun club with shooting range and fishing lakes are located in the parks.

Economy

The City is the county seat of Cass County, Missouri and serves as the area center for commerce, banking, education, agriculture enterprise and light industry. Its location provides access to the cultural, commercial, leisure and sporting attractions of the Kansas City MSA. In the economic downturn the City has maintained a stable economy.

Insurance

The City is a member of Midwest Public Risk ("**MPR**"), a not-for-profit corporation consisting of governmental entities incorporated in 1984 to acquire insurance for its members. MPR operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection or the governing body. MPR provides both conventional and self-insurance coverage for its members including medical, dental, property, casualty, general liability and worker's compensation. The City participates in the worker's compensation insurance coverages. MPR manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MPR's investment pool consists of interest bearing deposits, U.S. Treasury, and U.S. governmental agency obligations. See Note 13 to the City's Comprehensive Annual Financial Report for Fiscal Year ended December 31, 2016 attached as **Appendix B** to the Official Statement for additional information relating to the City's membership in MPR.

In the normal course of business, the City is exposed to various risks of loss related torts; theft of, damage to, and destruction of assets; errors and omissions; worker's compensation and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and no significant losses.

(*Remainder of this page intentionally left blank*)

ECONOMIC INFORMATION CONCERNING THE CITY

Employment

Employment opportunities for residents of the City are available both within the City and throughout the Kansas City MSA. The ten (10) largest employers in the City, and the nature of their business are as follows:

Major Employers	Nature of Business	Approximate Employment
Wal-Mart Distribution Center	Warehouse Distribution	630
Cass Medical Center	Healthcare	394
Cass R-IX School District	Public Schools	382
Wal-Mart	Retail Sales	298
Cass County	Government	276
Church & Dwight Co., Inc.	Consumer Products	230
City of Harrisonville	Government	198
Casco Area Workshop	Service Contracts	194
Crown Care Center	Healthcare	105
Family Center	Retail Sales	90

Source: City's Comprehensive Annual Financial Report for Fiscal Year ended December 31, 2016.

Listed below are the major employers located in the Kansas City MSA.

Major Employers	Nature of Business	Approximate Employment
Federal Government	Government	18,621
Cerner Corp.	Healthcare IT Solutions	11,823
HCA Midwest Health System	Healthcare	9,310
Saint Luke's Health System	Healthcare	7,769
Ford Motor Co.	Automotive Assembly	7,700
The University of Kansas Hospital	Healthcare	6,807
Children's Mercy Hospital	Healthcare	6,696
State of Missouri	Government	6,189
Sprint Corp.	Telecommunications	6,000
State of Kansas	Government	5,195
Olathe Public Schools	Public Schools	4,403
City of Kansas City, Missouri	Government	4,300
Johnson County, Kansas	Government	3,884
Garmin Ltd.	Consumer Products	3,766
DST Systems Inc.	Information Processing	3,631
Kansas City, Kansas Public Schools	Public Schools	3,500
General Motors	Automotive Assembly	3,500
Shawnee Mission School District	Public Schools	3,358
Black & Veatch	Engineering	3,249
North Kansas City School District	Public School	3,131

Source: *Kansas City Business Journal*, July 22 and 29, 2017.

Employment Information

The following table depicts unemployment rates in the referenced areas for the last five years:

December Year	Kansas City MSA	Cass County	State of Missouri
2013	6.2%	6.3%	6.7%
2014	5.5	5.6	6.1
2015	4.7	4.8	5.0
2016	4.3	4.1	4.5
2017[1]	3.2	3.2	3.4

(1) As of December, 2017

Source: U.S. Bureau of Labor Statistics and Missouri Economic Research Center.

Income Statistics

The following table sets forth income statistics for the indicated areas stated in current dollars and not adjusted for inflation:

	Per Capital Income	Median Household Income
Cass County	$42,122	$64,422
State of Missouri	42,926	51,173
United States	49,571	57,617

Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates.

General and Demographic Information

The following tables set forth certain population information.

	1990	2000	2010	2016[1]
City of Harrisonville	7,683	8,946	10,019	10,042
Cass County	63,808	82,092	99,478	102,845
State of Missouri	5,117,073	5,595,211	5,988,927	6,093,000

(1) Estimate

Source: U.S. Census Bureau; Missouri Census Data Center.

Building Construction

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

	2012	2013	2014	2015	2016
Residential:					
Number of Permits[(1)]	240	176	176	180	241
Estimated Cost	$2,103,410	$1,331,781	$1,973,875	$2,202,655	$6,672,912
Non-Residential:					
Number of Permits[(1)]	76	73	66	59	83
Estimated Cost	$3,685,500	$5,293,503	$2,416,903	$8,042,346	$10,622,390

(1) Permit totals include additions to existing structures.
Source: City.

(*Remainder of this page intentionally left blank*)

DEBT STRUCTURE OF THE CITY

Debt Ratios and Related Information

Population (estimated):	10,042
Assessed Valuation (2017):	$ 130,337,446
Estimated Actual Value (2017):	$ 545,329,268
Direct General Obligation Bonded Debt:	$ 0
Other Overlapping General Obligation Debt:	$ 22,740,682
Direct and Overlapping General Obligation Debt:	$ 22,740,682
Per Capita Direct Debt:	$ 0
Per Capita Direct and Overlapping General Obligation Debt:	$ 2,264,56
Ratio of Direct Debt to Assessed Valuation:	0.00%
Ratio of Direct Debt to Estimated Actual Value:	0.00%
Ratio of Direct and Overlapping General Obligation Debt to Assessed Valuation:	17.44%
Ratio of Direct and Overlapping General Obligation Debt to Estimated Actual Value:	4.17%

General Obligation Bonds

The City currently has no outstanding general obligation indebtedness.

Revenue Bonds Outstanding

All revenue bonds outstanding are payable from the operations of the particular system for which the bonds were issued and are recorded in the City's financial statements in the appropriate enterprise fund. These bonds are not general obligations of the City; therefore, the City may not levy taxes to pay the interest or principal amount of these revenue bonds.

Revenue Bonds

Project	Series	Original Amount	Principal Outstanding	Final Maturity
Combined Waterworks and Sewerage System (State Revolving Fund Program)	2002	$4,370,000.00	$1,535,000.00	01-01-23
Combined Waterworks and Sewerage System (State Revolving Fund Program)	2003	3,295,000.00	1,505,000.00	01-01-24
Combined Waterworks and Sewerage System (State Revolving Fund Program)	2005	1,710,000.00	780,000.00	01-01-25
Electric System	2007	2,730,000.00	700,000.00	11-01-20
Combined Waterworks and Sewerage System (State Revolving Fund Program)	2010	4,300,000.00	2,855,900.00	07-01-30
Combined Waterworks and Sewerage System (State Direct Loan Program)	2017	9,544,000.00	4,057,566.95(1)	01-01-38

(1) Initially issued in the outstanding principal amount. The remaining principal balance of $5,486,433.05 is expected to be issued by the City in 2018.

Estimated Overlapping Indebtedness

The following table sets forth the approximate overlapping general obligation indebtedness of political subdivisions with boundaries overlapping the City as of December 31, 2017, and the percent attributable (on the basis of current assessed valuation) to the City. The table was compiled from information furnished by the jurisdictions responsible for the debt, and the City has not independently verified the accuracy or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds, the amounts of which cannot be determined at this time.

Taxing Jurisdiction	Type	Outstanding Indebtedness[1]	Percent Applicable to City	Amount Applicable to City
Harrisonville R-IX School District	General Obligation	$16,045,000	64.6%	$10,365,070
Cass County	General Obligation	$18,981,000	65.2%	12,375,612
				$22,740,682

[1] This table excludes neighborhood improvement district bonds that are a general obligation of the issuer but are expected to be paid from special assessments and for which the issuer may not levy a general property tax.

Legal Debt Capacity

Article VI, Sections 26(b) and (c) of the Constitution of the State of Missouri limit the net outstanding amount of authorized general obligation indebtedness for a city to 10 percent of the assessed valuation of the city by a two-thirds (four-sevenths at certain elections) vote of the qualified voters. Article VI, Section 26(d) provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not to exceed an additional 10 percent for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues, and sanitary or storm sewer systems, provided the total general obligation indebtedness of a city does not exceed 20 percent of the assessed valuation. Article VI, Section 26(e) provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not exceeding an additional 10 percent for the purpose of purchasing or constructing waterworks, electric or other light plants to be owned exclusively by the city, provided that the total general obligation indebtedness of a city does not exceed 20 percent of the assessed valuation. The legal debt margin of the City, based upon locally assessed real and personal property, is approximately $26,067,489.

Tax Increment Financing

The Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, Revised Statutes of Missouri, as amended, makes available tax increment financing for redevelopment projects in certain areas determined by the governing body of a city to be a "blighted area", "conservation area", or "economic development area", each as defined in such Act. Currently, several portions of the City are located in a tax increment financing district.

In June 2007, the City issued $8,630,000 original principal amount of Annual Appropriation–Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2007 to refinance certain reimbursable project costs related to a development known as the Harrisonville Towne Center. Pursuant to such financing, the City has agreed, on or prior to the second business day prior to any interest payment date or mandatory sinking fund payment date, to transfer funds of the City, subject to annual appropriation, in an amount equal to any shortfall in the intended revenues (*i.e.*, payments in lieu of taxes, economic activity taxes and transportation development district sales taxes

generated within the area of Harrisonville Town Center) available for the repayment of such bonds. The tax revenues available for debt service have been insufficient to pay debt service on the Harrisonville Towne Center bonds. In each of the fiscal years ended December 31, 2015 through 2017, the City has budgeted, appropriated and provided funds to cover such shortfalls of $224,000, $130,500 and $180,000, respectively. The City is refinancing the Harrisonville Towne Center bonds with the proceeds of the Bonds.

In December 2009, the City issued $9,000,000 original principal amount of Tax Increment Revenue Note for the purpose of providing funds to pay for certain reimbursable costs associated with a Cooperative, Financing and Pledged Agreement between the City, the developer of the Market Place redevelopment project and two related transportation development districts. The City has pledged the incremental payments in lieu of taxes, economic activity taxes revenues and additional revenues generated within each transportation development district to the payment of such notes. Such notes do not constitute a general obligation of the City.

Other Obligations of the City

In 2012, the City entered into a lease financing transaction pursuant to which $7,830,000 Refunding Certificates of Participation (City of Harrisonville, Missouri Projects) Series 2012 (the "**Series 2012 Certificates**") were issued in order to refund a prior lease financing entered into in 2003 to finance the City's new community center facility, renovations and improvements to the City's existing City Hall building and its fire station and emergency medical services facility and to acquire an aerial ladder fire truck. The property subject to the lease financing includes the City's community center facility and its fire station and emergency medical service facility. The Series 2012 Certificates mature on December 1 of each year with a final scheduled maturity date of December 1, 2022. As of December 31, 2017, $3,930,000 of the Series 2012 Certificates remained outstanding.

The City entered into a capital lease agreement for the purchase of fitness equipment for the community center. The City currently makes yearly payments of $10,005. As of December 31, 2017, the remaining outstanding amount on the lease including principal and interest was $1,627.09 and its was paid in full in February 2018. In February 2018, the City entered into a subsequent capital lease agreement for the purchase of additional fitness equipment for its community center pursuant to which the City will make yearly payment of $10,104, with the final monthly lease payment due in January 2021.

Pension Plans

The City contributes to the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multi-employer, statewide public employee retirement plan for un its of local government which is legally separate and fiscally independent of the State. LAGERS was established in 1967 and is administered in accordance with RSMo. 70.600-70.755. LAGERS serves approximately 668 local participating employers. These participating employers include 299 cities, 60 counties, and 323 other public entities during the plan year ended June 30, 2016.

Responsibility for the operation and administration of the plan is vested in the LAGERS Board of Trustees consisting of seven persons. Three trustees are elected by the employees who participate in the system, three trustees are elected by the members of the governing bodies of those political subdivisions which participate in the system and one trustee is appointed by the governor. The regular term of office for members of the LAGERS Board of Trustees is four years. Members of the LAGERS Board of Trustees serve without compensation with respect to their duties, but are reimbursed by LAGERS for their actual and necessary expenses incurred in the performance of their duties.

See Note 9 to the City's Comprehensive Annual Financial Report for Fiscal Year ended December 31, 2016 attached as **Appendix B** to the Official Statement for additional information relating to the City's participation in LAGERS membership and the City's liability and net pension assets.

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The City currently produces financial statements that are in conformity with generally accepted accounting principles. The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate.

An annual budget is prepared under the direction of the City Administrator and submitted to the Board of Aldermen for consideration prior to the fiscal year commencing on January 1. The operating budget includes proposed expenditures and revenue sources. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted through the adoption of an ordinance. The primary basis of budgetary control is at the departmental level. The City Administrator is authorized to transfer budgeted amounts between programs within any department; however, any revisions that alter the total expenditures of any department must be approved by the Board of Aldermen. Formal budgetary integration is employed as a management control device during the year for all funds. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted governmental auditing standards. The annual audit for the fiscal year ending December 31, 2016 was performed by Dana F. Cole & Company, LLP, Overland Park, Kansas. Copies of the audit reports for the past 5 years are on file in the City Administrator's Office and are available for review.

Sources of Revenue

The City finances its operations through the following taxes and other miscellaneous sources as indicated below for the 2016 fiscal year, the last fiscal year for which audited financial statements are available:

Source	Amount	Percent
Taxes:		
Property	$ 967,740	7.61%
Sales	4,695,188	36.92%
Franchise	1,450,532	11.41%
Other	347,882	2.74%
Licenses, Fees and Permits	189,068	1.49%
Charges for Services	4,062,842	31.94%
Grants	48,312	3.82%
Fines and Forfeitures	222,035	1.75%
Investment earnings	56,623	0.45%
Miscellaneous	241,132	1.90%
TOTAL	$ 12,718,354	100.00%

(*Remainder of this page intentionally left blank*)

Summary Statement of Revenues, Expenditures and Changes in Governmental Funds

The following table contains a summary statement of revenues, expenditures and changes in the City's governmental funds for the fiscal years ended December 31, 2014, 2015 and 2016. The information has been derived from the audited financial statements of the City.

	Fiscal Year Ending December 31,		
	2014 (audited)	**2015** (audited)	**2016** (audited)
REVENUES:			
Taxes:			
Property	$ 957,930	$ 971,143	$ 967,740
Sales	4,532,729	4,530,932	4,695,188
Franchise[1]	1,601,918	1,904,019	1,450,532
Other	338,935	345,644	347,882
Licenses, fees and permits	124,911	148,648	189,068
Fines and forfeitures	282,196	227,768	222,035
Charges for services	3,969,978	3,992,870	4,062,842
Grants	258,367	293,635	485,312
Investment earnings	40,726	41,110	56,623
Miscellaneous	307,504	271,252	241,132
Total Revenues	**$ 12,415,194**	**$ 12,727,021**	**$ 12,718,354**
EXPENDITURES::			
General Government	$ 1,857,424	$ 1,578,196	$ 1,593,951
Administration of Justice	2,824,957	2,545,685	2,568,837
Street	900,050	759,010	837,799
Economic Development	296,174	431,365	455,440
Animal Control	177,458	194,045	178,943
Airport	162,129	177,497	196,537
Ambulance	2,229,575	2,224,086	2,307,984
Park	505,454	463,685	474,849
Community Center	1,284,251	1,122,009	1,123,877
Towne Center Project	8,126	7,654	7,075
Capital outlay	1,163,730	733,847	950,944
Debt Services:			
Principal	1,006,082	1,030,336	1,105,726
Interest	521,915	500,477	467,297
Total Expenditures	$ 12,937,325	$ 11,767,892	$ 12,269,259
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	**$ (522,131)**	**$ 959,129**	**$ 449,095**
Total other financing sources (uses)	(23,095)	–	–
NET CHANGE IN FUND BALANCES	**$ (545,226)**	**$ 959,129**	**$ 449,095**
Fund Balance, Beginning of Fiscal Year	6,935,734	6,390,508	7,349,637
FUND BALANCE, End of Fiscal Year	**$ 6,390,508**	**$ 7,349,637**	**$ 7,798,732**

[1] Yearly fluctuations in franchise fees are the result of settlements with telephone companies relating to liability for local franchise fees and taxes.

Property Valuations

Assessment Procedure. All taxable real and personal property within the City is assessed annually by the County Assessor. Missouri law requires that real property be assessed at the following percentages of true value:

Residential real property	19%
Agricultural and horticultural real property	12%
Utility, industrial, commercial, railroad and all other real property	32%

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the Missouri General Assembly adopted a maintenance law in 1986. Beginning January 1, 1987, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within his or her county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The assessment ratio for personal property is generally 33 1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 1/2%; livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; and poultry, 12%.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

Current Assessed Valuation. The following table shows the total assessed valuation and the estimated actual valuation, by category, of all taxable tangible property situated in the City according to the assessment as of January 1, 2017, including state assessed railroad and utility property, subject to final adjustment and equalization:

	Assessed Valuation	Assessment Rate	Estimated Actual Valuation
Real Estate:			
Residential	$ 65,576,220	19%	$ 345,138,000
Commercial	40,071,590	32%	125,223,719
Agricultural	150,330	12%	1,252,750
Locally Assessed Railroad & Utilities	40,255	32%	125,797
State Assessed Railroad & Utilities	734,796	32%	2,296,238
Total Real Estate	$ 106,573,191		$ 474,036,503
Personal Property[(1)]:			
General	$ 23,460,003	33 1/3%	$ 70,380,009
Local Assessed Railroad & Utilities	72,082	33 1/3%	216,246
State Assessed Railroad & Utilities	232,170	33 1/3%	696,510
Total Personal Property	23,764,255		71,292,765
Totals	$ 130,337,446		$ 545,329,268

(1) Assumes all personal property is assessed at 33 1/3%; because certain subclasses of tangible personal property are assessed at less than 33 1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See "Assessment Procedure" above.

Source: Cass County Clerk's Office.

Historical Assessed Valuation. The total assessed valuation of all taxable tangible property situated in the City, including state assessed railroad and utility property, according to the assessments of January 1 in each of the following years, has been as follows:

Year	Real Property	Personal Property	Total Assessed Valuation
2012	$95,845,535	$22,091,806	$117,937,341
2013	94,552,735	22,682,321	117,235,056
2014	94,992,339	25,948,277	120,940,616
2015	96,409,365	25,097,110	121,506,475
2016	96,807,843	23,807,868	120,615,711
2017	106,573,191	23,764,255	130,337,446

Source: City's Comprehensive Annual Financial Report for Fiscal Year ended December 31, 2016; Final Assessment Report from the Cass County Clerk for 2017.

Property Tax Levies and Collections

Property taxes are levied and collected by the City. 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, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates required to produce such amounts. 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 debt for the ensuing budget year. Such estimates are based on the assessed valuation figures provided by the County Clerk. The City must fix its ad valorem property tax rates and certify them to the County Clerk not later than September first for entry in the tax books.

The County Clerk receives the county tax books from the County Assessor, which set forth the assessments of real and personal property. The County Clerk enters the tax rates certified to him by the local taxing bodies in the tax books and assesses such rates against all taxable property in the City as shown in such books. The County Clerk forwards the tax books by October 31 to the County Collector, who is charged with levying and collecting taxes as shown therein. The County Collector extends the taxes on the tax rolls and issues the tax statements in early December. Taxes are due by December 31 and become delinquent if not paid to the County Collector by that time. All tracts of land and city lots on which delinquent taxes are due are charged with a penalty of eighteen percent of each year's delinquency. All lands and lots on which taxes are delinquent and unpaid are subject to sale at public auction in August of each year.

The County Collector is required to make disbursements of collected taxes to the City each month. Because of the tax collection procedure described above, the City receives the bulk of its moneys from local property taxes in the months of December, January and February.

Tax Rates

Debt Service Levy. The City does not impose debt service levy because there are no general obligation bonds outstanding. Once indebtedness has been approved by the constitutionally required percentage of the voters voting therefor and bonds are issued, the City is required under Article VI, Section 26(f) of the Missouri Constitution to levy an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness as they fall due and to retire the same within 20 years from the date of issue. The Board of Aldermen may set the tax rate for debt service, without limitation as to rate or amount, at the level required to make such payments.

Operating Levy. The current operating levy of the City is $0.6868 per $100 of assessed valuation. The operating levy does not require annual voter approval but the Board of Aldermen cannot raise the rate above that approved in the last election without the approval of a majority of the voters voting thereon. Under Article X, Section 11(c) of the Missouri Constitution, any increase in the City's operating levy above $1.00 must be approved by two-thirds of the voters voting on the proposition.

The following table shows the City's operating levy, the state levy and other governmental unit operating levy for the past five years (per $100 of assessed valuation):

Fiscal Year Ended December 31,	City					
	General Fund	Park Fund	Total Direct	State	Other	Total Levy
2012	$0.5585	$0.1264	$0.6849	$0.0300	$6.1832	$6.8781
2013	0.5658	0.1280	0.6938	0.0300	6.1832	6.9070
2014	0.5672	0.1283	0.6955	0.0300	6.1832	6.9087
2015	0.5672	0.1283	0.6955	0.0300	6.1808	6.9063
2016	0.5672	0.1283	0.6955	0.0300	6.1808	6.9063
2017	0.5430	0.1228	0.6868	0.0300	6.1648	6.8606

The following table sets forth the ten largest property taxpayers in the City based upon assessed valuation as of December 31, 2016.

Name of Taxpayer	Local Assessed Valuation[1]	Percentage of Total Local Assessed Valuation
Church & Dwight	$ 7,172,120	5.95%
Wal-Mart	3,167,500	2.63
HFMC Properties, LLC	2,420,110	2.01
Harrisonville MP II, LLC	2,219,230	1.84
Sutherlands Lumber Co.	1,461,150	1.21
Mill Walk Mall	1,431,000	1.19
Harrisonville Crossings Properties	930,630	0.77
RLP Development Company	656,470	0.54
Steve Flanery	648,300	0.54
Max Properties	647,300	0.54
Total	$ 20,753,810	17.70%

[1] Assessed valuation includes real estate and personal property, and excludes state assessed utilities.
Source: City's Comprehensive Annual Financial Report for Fiscal Year ended December 31, 2016.

Tax Collection Record

The following table sets forth tax collection information for the City for the last five Fiscal Years.

Fiscal Year Ended December 31,	Tax Levied	Current and Delinquent[1] Taxes Collected Amount	%
2012	$807,753	$806,322	99.82%
2013	813,377	812,253	99.86
2014	841,142	836,497	99.80
2015	845,078	835,978	98.92
2016	838,882	774,804	92.36

(1) Taxes paid under protest are held by the Cass County Collector until the protest is resolved. This schedule presents taxes paid under protest at June 30 as delinquent, and subsequent remittances to the City are included as delinquent taxes.

Note: Amounts related to railroad and utility property taxes are not included.

Source: City's Comprehensive Annual Financial Report for Fiscal Year ended December 31, 2016.

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX B

FINANCIAL STATEMENTS OF THE CITY

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF HARRISONVILLE, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2016

Prepared by: Marcella McCoy
Director of Finance

(This page has been left blank intentionally)

CITY OF HARRISONVILLE, MISSOURI
TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1 - 2
Organization Chart	3
Principal Officials	4
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	5 - 7
MANAGEMENT'S DISCUSSION AND ANALYSIS	8 - 15
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	16 - 17
Statement of Activities	18 - 19
Fund Financial Statements	
Balance Sheet - Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21 - 22
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Governmental Funds	23 - 24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) of Governmental Funds to the Statement of Activities	25 - 26
Statement of Net Position - Proprietary Funds	27 - 28
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	29
Statement of Cash Flows - Proprietary Funds	30 - 31
Statement of Net Position - Fiduciary Funds	32
Notes to Financial Statements	33 - 64
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	65 - 66
Budgetary Comparison Schedule - Major Special Revenue Funds	67
Notes to Budgetary Comparison Schedules	68
Schedule of Employer's Contributions	69
Schedule of Employer's Share of Net Pension Liability	70
OTHER SUPPLEMENTARY INFORMATION	
Nonmajor Governmental Funds - Combining Balance Sheet	71
Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	72
Nonmajor Enterprise Funds - Combining Statement of Net Position	73
Nonmajor Enterprise Funds - Combining Statement of Revenues, Expenses, and Changes in Net Position	74

CITY OF HARRISONVILLE, MISSOURI
TABLE OF CONTENTS

	Page
OTHER SUPPLEMENTARY INFORMATION (Continued)	
Nonmajor Enterprise Funds - Combining Statement of Cash Flows	75 - 76
Nonmajor Special Revenue Funds - Budgetary Comparison Schedule	77
Debt Service Fund - Budgetary Comparison Schedule	78
All Proprietary Funds - Budgetary Comparison Schedule	79 - 80
STATISTICAL SECTION (UNAUDITED)	
Net Position by Component	81
Changes in Net Position	82 - 83
Fund Balances, Governmental Funds	84
Changes in Fund Balances, Governmental Funds - Modified Accrual	85 - 86
Assessed Value of Taxable Property	87
Direct and Overlapping Property Tax Rates	88
Principal Property Taxpayers	89
Property Tax Levies and Collections	90
Direct and Overlapping Sales Tax Rates	91
Taxable Retail Sales	92
Ratios of Outstanding Debt by Type	93
Computation of Legal Debt Margin	94
Computation of Direct and Estimated Overlapping Debt	95
Demographic Statistics	96
Principal Employers	97
Schedule of Property Value, Construction Permits Issued, and Total Dollars on Deposit at Year-End with Local Banks and Savings and Loans	98
Capital Asset Statistics by Function/Program	99
Full-Time Equivalent City Government Employees by Function/ Program	100
REPORTS REQUIRED UNDER *GOVERNMENT AUDITING STANDARDS*	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	101 - 102
Schedule of Findings and Responses	103
Summary Schedule of Prior Audit Findings	104

INTRODUCTORY SECTION

(This page has been left blank intentionally)

City of Harrisonville est. 1836

P.O. Box 367, 300 East Pearl Street- Harrisonville, Missouri 64701

April 27, 2017

Honorable Mayor and Members of the Board of Aldermen:

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Harrisonville, Missouri, for the fiscal year ended December 31, 2016. This report is required under RSMo. 105.145 and is submitted for your information and review.

The responsibility for accuracy, completeness, and fairness of the data presented, including all disclosures, rests with the City. I believe the report as presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of annual operations of the City, both on a government-wide and a fund basis.

The City of Harrisonville Finance Department prepares the year-end trial balances and supporting schedules and assists in the preparation of the financial statements, which undergo an annual audit by an independent certified public accountant. The City's financial statements have been audited by the accounting firm of Dana F. Cole & Company, LLP, and that audit resulted in an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2016, are fairly presented in conformity with accounting principles generally accepted in the United States of America. That opinion, and the procedures and testing that led to it, is found in the "Independent Auditors' Report" at the beginning of the Financial Section of the CAFR.

Following the independent auditors' report and opinion is management's discussion and analysis (MD&A) of the financial statements. This analysis, along with the basic financial statements and notes, provides an overview of the City's financial position and operating results. The supplemental and statistical sections help provide a broader understanding of Harrisonville and, along with the introductory section, provide context to the report.

Profile of the City of Harrisonville

The town of Harrisonville was established in 1837 and was named in honor of Albert G. Harrison, one of the first two U.S. Congressional representatives elected from the state of Missouri. Harrisonville became incorporated in 1851. S.G. "Squire" Allen was appointed the first mayor of the town in 1857, and Col. H. W. Younger, father of the infamous Cole Younger, was elected mayor in 1859. There is a rich local history of the Civil War era in Harrisonville, and in the decades following the war, the town grew in importance as the county seat of Cass County and as a transportation hub for the region.

Today, Harrisonville is home to approximately 10,000 residents, with manufacturing and distribution facilities representing several major national firms. It still serves as a transportation center, with Interstate 49 and several state highways providing access to the Kansas City metropolitan area as well as the recreation areas of south-central Missouri.

The City of Harrisonville, Missouri, is a fourth-class city organized under Missouri statutes and is governed by a Mayor and eight-member Board of Aldermen, two from each of the four wards. The Mayor and Board appoint a City Administrator to serve as the chief administrative officer of the City, and to oversee the operations of all City departments. Harrisonville provides a full complement of general governmental services including police and fire protection, emergency medical services, parks and recreation, public works services, an airport, and general administrative services. The City also provides electrical distribution, water, and sanitary sewer services, all of which are accounted for in the financial statements as business-type activities.

Factors affecting financial conditions

Local economy - Overall retail sales have recovered to the levels enjoyed prior to the recession, and we see some local businesses investing in renewal. While housing remains tied to the stable population, economic development continues to focus on the creation and expansion of employment opportunities. Outside investors have continued to show interest in Harrisonville's location and workforce when considering potential business sites. Harrisonville's place as a regional trade center for basic goods and services has helped shelter the community from more severe economic downturns.

Long-term financial planning - The City of Harrisonville prepares a five-year Capital Improvement Plan (CIP) for constructing, maintaining, and replacing the City's physical infrastructure. These projects are reviewed annually and updated as conditions, prices, resources, and priorities change. These projections are included as a part of the five-year financial projection of each of the City's operating funds during the Board of Aldermen's annual budget process. By Board policy, the City maintains a reserve in each of the operating funds for budgetary and planning purposes.

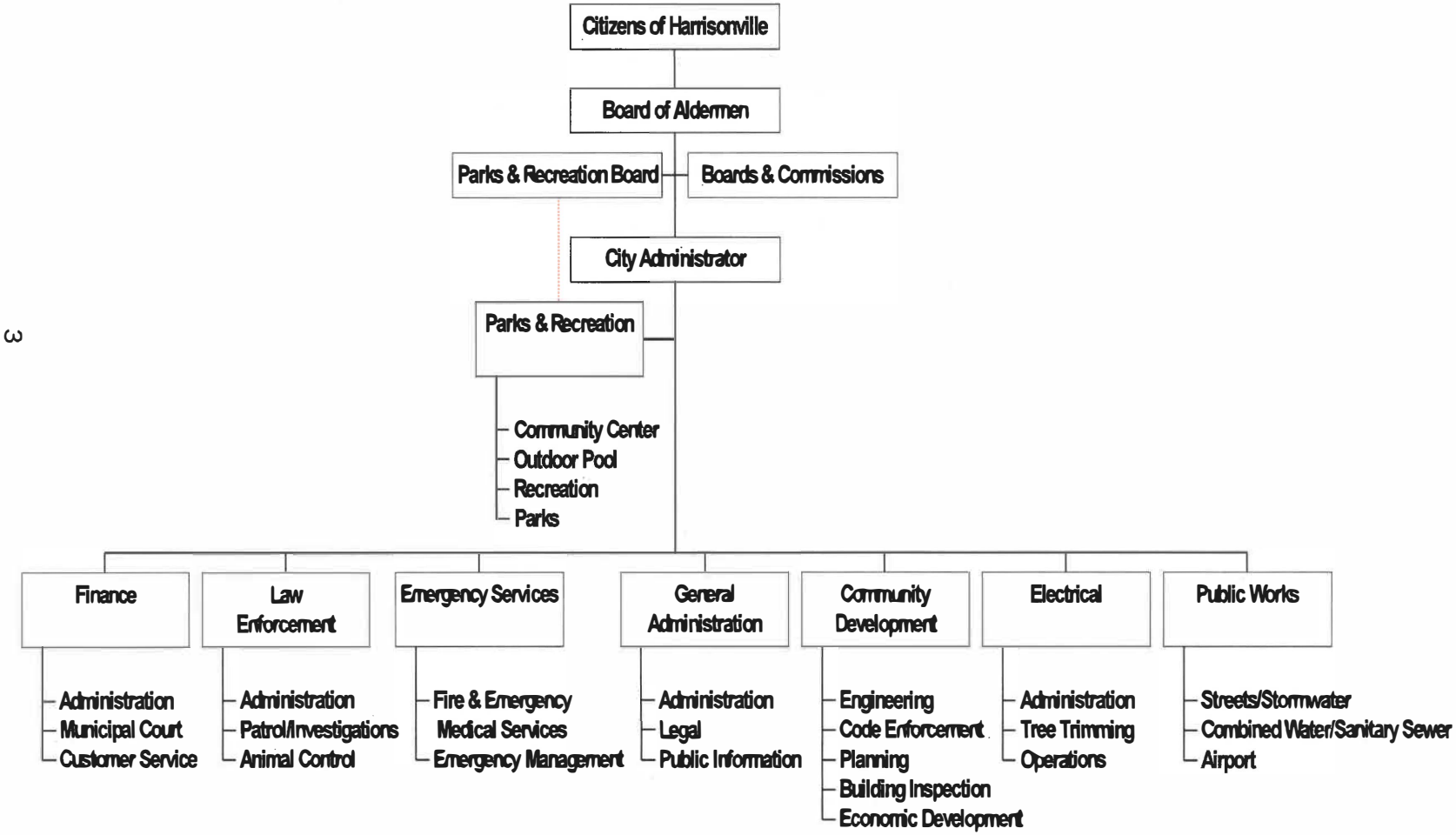
Cash management and risk management - The primary concern of the City's cash management policy is the safety of principal. The City follows a conservative investment policy which is closely monitored by staff and reviewed annually. Investment yield remains low compared to historical averages, but the security of the investment principal is the City's overarching priority. Cash balances of the various funds are consolidated for maximum earnings flexibility. Following the close of the fiscal year, the City renewed all major insurance policies after a review and update of exposures and pricing. With both cost and risk on the increase, insurance coverage is an area which receives significant attention.

The preparation of this report would not have been possible without the year-round dedication and hard work of the staff of the Finance Department, with special recognition to our Accounting Specialist, Debra Goss. The City's independent audit firm of Dana F. Cole & Company, LLP, was instrumental in the preparation of this report and highly professional in their dealings with our staff. I would also like to thank Mayor Hasek, the Board of Aldermen, and Interim City Administrator Mike Tholen for their continued interest in and support of the maintenance of the financial health of our City.

Respectfully submitted,

Marcella McCoy
Director of Finance

City of Harrisonville est. 1836



(This page has been left blank intentionally)

CITY OF HARRISONVILLE, MISSOURI
PRINCIPAL OFFICIALS
DECEMBER 31, 2016

MAYOR AND BOARD OF ALDERMEN

Brian Hasek	Mayor
Brad Bockelman	Alderman Ward I
Judy Bowman	Alderman Ward I
Judy Reece	Alderman Ward II
Marcia Milner	Alderman Ward II
David Dickerson	Alderman Ward III
Clint Long	Alderman Ward III
Josh Stafford	Alderman Ward IV
Matt Turner	Alderman Ward IV

ADMINISTRATOR AND DEPARTMENT HEADS

Michael Tholen	Interim City Administrator
Eric Patterson	Director of Public Works and Water/Sewer Superintendent
	Electric Department Director
Rodney Jacobs	Street Superintendent
Chris Deal	Director of Parks and Recreation
	Director of Community Development
	City Clerk
Marcella McCoy	Director of Finance
John Hofer	Chief of Police
Eric Myler	Interim Fire Chief and Director of Emergency Management
John Fairfield	City Attorney
Kevin Anderson	Municipal Judge
Joseph Cambiano	City Prosecuting Attorney

INDEPENDENT AUDITORS

Dana F. Cole & Company, LLP

(This page has been left blank intentionally)

FINANCIAL SECTION

(This page has been left blank intentionally)

DANA F. COLE
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the Board of Aldermen
City of Harrisonville, 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 unit, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri, as of and for the year ended December 31, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 of material misstatement.

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, 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 unit, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri, as of December 31, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 - 15, the budgetary comparison schedules on pages 65 - 68, the schedule of employer's contributions on page 69, and the schedule of employer's share of net pension liability on page 70 be presented to supplement the basic financial statements. Such information, although not a 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Harrisonville, Missouri's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information on pages 71 - 80 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. Such 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, the other supplementary information on pages 71 - 80 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections on pages 1 - 4 and 81 - 100 have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2017, on our consideration of the City of Harrisonville, Missouri's internal control over financial reporting and on 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 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 of Harrisonville, Missouri's internal control over financial reporting and compliance.

Dana F. Cole + Company, LLP

Overland Park, Kansas
April 27, 2017

The City of Harrisonville, Missouri, has prepared financial statements in accordance with GASB 34 guidelines since 2003. This section of the report is intended to provide a summary of the City's financial condition and outlook, and should be considered along with the transmittal letter and financial statements in any evaluation of the City's financial condition.

Fiscal Year Highlights

The City of Harrisonville, Missouri, continues to be a financially stable community as the economy begins to turn upward. Tax revenues decreased in fiscal year 2016 compared to fiscal year 2015 by about $290,000. The overall net position has increased in both governmental and business-type activities. The City of Harrisonville, Missouri's central location in the county and its status as a full-service city help maintain that stability and allow for many forward-looking investments:

These statements include the Towne Center TIF expenditures, which impact the net position of the City. The anchor tenant opened in spring 2007. One additional padsite has been occupied, and a hotel has been opened on the south end. The two remaining padsites are still open for development. The City budgeted and contributed general funds to help meet the debt service schedule in 2016, but will need additional development to continue to service the debt without impacting other City funds.

The collection of sales tax revenues exceeded previous levels. While the City has been recovering from the downturn, the revenue from existing sales taxes showed little overall growth in recent years. This could be an area of concern if continued over time since the sales tax is the largest single revenue source to the General Fund, and forms the basis of debt service payments for the Community Center. Sales tax revenues mirror national and regional economic trends, which are largely outside the City's control, but are important to both our community and our revenue stream. These trends are closely monitored by City staff for their effect on both present and projected expenditure plans.

The City's business-type activities (utility funds) showed a slight increase in sales and usage as a result of typical weather patterns for the year. Utility customer and load growth is a key indicator of the community's financial health, as the number of residents is tied directly to available revenues and demands for City services. Prior to fiscal year 2012, the City revised its administrative charge schedule, which resulted in lower utility rates and reduced transfers to the General Fund. The City forecasts stable utility rates for the next few years. Water rates were increased in June 2016 as part of the need to finance voter-approved water treatment plant improvements.

The Comprehensive Annual Financial Report

This comprehensive annual financial report consists of six parts:

Introductory section which includes the transmittal letter,
Management's discussion and analysis (this part),
Basic financial statements and accompanying notes,
Required supplementary information,
Other supplementary information, and
Statistical information

The Comprehensive Annual Financial Report (Continued)

In prior years, the principal focus of local governmental financial statements was to summarize fund-type information on a current financial resource basis. This current accounting model presents information in two ways. The government-wide financial statements provide both short- and long-term information about the City's overall financial status. These are prepared on a full accrual basis to present information in a format more familiar to corporate accounting users. Fund financial statements are still included to provide useful information on individual parts of the government.

Government-Wide Financial Statements

The basic financial statements include two government-wide financial statements: the statement of net position and the statement of activities. These statements can be found on pages 16 through 19. The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by the private sector.

The City is divided into the following activities:

Governmental activities - All of the City's basic services are considered governmental activities, including public safety, public works, general administration, and parks. These activities are supported primarily with general revenue such as sales and property taxes, fines, and permit fees.

Business-type activities - The City's enterprise activities are included here. These operations charge a fee for services that is intended to recover the cost of operations.

Fund Financial Statements

Another major section of the basic financial statements is the fund financial statements, found on pages 20 through 32, along with their explanatory notes on pages 33 through 64. The fund financial statements provide detailed information about each of the City's most significant funds, called "major funds." All other funds are summarized and presented in a single column called "nonmajor."

The City of Harrisonville, Missouri, currently has two kinds of funds:

Governmental funds - Most of the City's basic services are included in governmental funds. These statements are prepared on a modified accrual basis, meaning they measure current financial resources and uses. Capital assets and other long-lived assets, along with any long-term liabilities, are not presented in the governmental fund statements, but additional information about them is provided at the bottom of the statements, and in the notes.

Proprietary funds - These statements include business-type enterprise funds. The statements for these funds are presented on the accrual basis and include all assets and liabilities, both current and long-term. This is the same basis used on the government-wide financial statements.

Statement of Net Position

The following table summarizes the combined statement of net position as of December 31, 2016, compared with the same information for the fiscal year ending December 31, 2015:

City of Harrisonville, Missouri's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current and other assets	17,717,645	19,018,583	11,855,494	12,348,414	29,573,139	31,366,997
Capital assets	22,896,321	23,183,383	35,853,483	35,721,340	58,749,804	58,904,723
Deferred outflows of resources	2,962,217	1,395,495	742,950	352,649	3,705,167	1,748,144
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	43,576,183	43,597,461	48,451,927	48,422,403	92,028,110	92,019,864
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Other liabilities	681,477	785,446	1,827,866	1,984,510	2,509,343	2,769,956
Long-term liabilities	20,659,046	21,798,527	8,560,057	9,465,003	29,219,103	31,263,530
Deferred inflows of resources	476,135	54,653	66,835	31,724	542,970	86,377
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	21,816,658	22,638,626	10,454,758	11,481,237	32,271,416	34,119,863
NET POSITION						
Net investment in capital assets	18,094,342	17,620,666	27,020,727	25,724,107	45,115,069	43,344,773
Restricted	1,238,641	1,000,182	2,424,296	1,745,814	3,662,937	2,745,996
Unrestricted (deficit)	2,426,542	2,337,987	8,552,146	9,471,245	10,978,688	11,809,232
TOTAL NET POSITION	21,759,525	20,958,835	37,997,169	36,941,166	59,756,694	57,900,001

Statement of Net Position (Continued)

The summary reveals the overall balance in the City between governmental assets and business-type assets. The governmental activities capital assets include the cost of additions, while the long-term obligations and restricted assets in the same column reveal the offsetting debt, final construction obligations, and financing reserves, as well as the debt associated with the Towne Center TIF.

Statement of Activities

The following table reflects the revenues and expenses for the City's activities for the fiscal year ending December 31, 2016, compared with the same information for the fiscal year ending December 31, 2015:

City of Harrisonville, Missouri's Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
REVENUES	2016	2015	2016	2015	2016	2015
Program revenues						
Charges for services	4,473,945	4,369,286	16,846,118	16,830,615	21,320,063	21,199,901
Operating grants and contributions	132,527	293,635			132,527	293,635
Capital grants and contributions	352,785			91,811	352,785	91,811
General revenues						
Taxes	7,461,342	7,751,738			7,461,342	7,751,738
Investment earnings	56,623	41,110	246,329	239,868	302,952	280,978
Transfers				(200,000)		(200,000)
Other miscellaneous revenues	237,769	271,252	60,480	153,871	298,249	425,123
Total revenues	12,714,991	12,727,021	17,152,927	17,116,165	29,867,918	29,843,186
EXPENSES						
General Government	1,717,240	1,583,748			1,717,240	1,583,748
Administration of Justice	2,877,989	2,645,741			2,877,989	2,645,741
Street	1,157,722	1,001,075			1,157,722	1,001,075
Economic Development	502,984	431,396			502,984	431,396
Animal Control	192,369	192,396			192,369	192,396
Airport	339,387	308,994			339,387	308,994
Emergency Services	2,497,603	2,310,217			2,497,603	2,310,217
Park	606,756	550,704			606,756	550,704

Statement of Activities (Continued)

City of Harrisonville, Missouri's Statement of Activities (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
EXPENSES (Continued)						
Community Center	1,488,614	1,458,666			1,488,614	1,458,666
Towne Center TIF	7,075	7,654			7,075	7,654
Interest on long-term debt	526,562	559,742			526,562	559,742
Electric			11,249,953	10,969,788	11,249,953	10,969,788
Water/Sewer			4,079,377	3,953,599	4,079,377	3,953,599
Aquatic Center			262,529	247,561	262,529	247,561
Refuse			505,064	494,998	505,064	494,998
Total expenses	11,914,301	11,050,333	16,096,923	15,665,946	28,011,224	26,716,279
CHANGE IN NET POSITION	800,690	1,676,688	1,056,004	1,450,219	1,856,694	3,126,907
NET POSITION, beginning of year	20,958,835	19,282,147	36,941,165	35,490,946	57,900,000	54,773,093
NET POSITION, end of year	21,759,525	20,958,835	37,997,169	36,941,165	59,756,694	57,900,000

This summary shows that approximately 71% of total revenues are charges for services. The majority of the City's total revenue comes from the business-type activities of the Electric and Combined Water and Sanitary Sewer Utilities. In the governmental activities area, taxes were the largest single source of income, led by the sales tax revenues.

Total program expenses for 2016 are $28,011,224 with the majority, $16,096,923, stemming from business-type activities. Governmental activities expenditures increased 7.8% from the previous fiscal year and business-type activities expenditures increased 2.8%. Both due primarily from increased expenses for the pension plan held by LAGERS.

Public safety expenses, at $5,375,592, totaled approximately 45% of the governmental activities, while the electric utility expenses compose the majority of the business-type expenses.

The total net position of the City increased 3.2% in 2016.

Fund Statements

The City of Harrisonville, Missouri, fund statements can be found on pages 20 through 32 of the financial statements. Governmental funds ended the year with an overall increase in fund balance and the business-type funds showed an overall increase in net position.

Budget Variances

There is one area of significant difference between the original adopted budget and the final approved budget for the City's General Fund in fiscal year 2016. It is in capital projects, which reflect the amount of unfinished capital work from 2015, which was re-appropriated into the 2016 budget, as well as several newly authorized construction projects and equipment purchases. All budget amendments are reviewed and approved by the Board of Aldermen.

Capital Assets

City of Harrisonville, Missouri's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	890,750	890,750	1,588,031	1,588,031	2,478,781	2,478,781
Buildings and improvements	23,838,134	23,815,104	18,112,043	18,112,043	41,950,177	41,927,147
Machinery and equipment	7,048,458	6,814,922			7,048,458	6,814,922
Equipment and transmission			40,302,354	37,840,823	40,302,354	37,840,823
Streets	6,959,923	6,638,115			6,959,923	6,638,115
Construction-in-progress	813,041	486,025	2,458,793	3,461,641	3,271,834	3,947,666
	39,550,306	38,644,916	62,461,221	61,002,538	102,011,527	99,647,454
Less accumulated depreciation	16,653,985	15,461,533	26,607,738	25,281,198	43,261,723	40,742,731
Total	22,896,321	23,183,383	35,853,483	35,721,340	58,749,804	58,904,723

Major Capital Asset Events, fiscal year 2016:

There were several improvements and equipment purchases made in 2016, including ongoing projects that are to be completed in the near future. One major improvement that has been in the design phase is the improvement to the water treatment plant. Funding for this improvement was approved by the voters to issue additional bonds utilizing the State Revolving Fund financing program through the Missouri Department of Natural Resources. The following is a short recap of improvements and purchases made in 2016.

Capital Assets (Continued)

Infrastructure improvements included:
- Annual overlay in excess of $214,000 and Independence Bridge completion of $17,600
- Airport improvements in excess of $344,000 utilizing grant funds
- Storm and sidewalk improvements in excess of $90,000
- Electrical distribution improvements totaling nearly $23,500
- Significant improvements to the water treatment plant of $575,000
- Major repair to the digester at the wastewater treatment plant of $805,600
- Miscellaneous water and sewer line improvements in the amount of $81,400

Equipment purchases and improvements included:
- Crack sealer machine, tasers, patrol vehicle, and servers totaling over $227,300
- Backyard digger for electric in the amount of $166,200 and finishing mower for parks in the amount of $20,300
- Ambulance and related equipment totaling over $168,000

Debt Administration

As of December 31, 2016, the City of Harrisonville, Missouri, had total long-term debt outstanding of $28,832,296. Details of the existing debt obligations of the City are discussed in Note 6 to the financial statements. The City continues to have no general obligation debt.

City of Harrisonville, Missouri's Debt Administration
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Tax Increment Revenue Note	9,000	9,000			9,000	9,000
Tax Increment Revenue Bonds	6,585	6,920			6,585	6,920
Revenue Bonds			8,182	9,045	8,182	9,045
Certificates of Participation	4,650	5,350			4,650	5,350
Capital Lease	98	144			98	144
Promissory Notes	127	152	190	221	317	373
Total	20,460	21,566	8,372	9,266	28,832	30,832

Economic Outlook

The City of Harrisonville, Missouri, continues to benefit from a relatively stable economic situation and shows some signs of progress. Overall employment has remained steady and sales tax collections have slightly increased. Some new retail development is still under way, and the City continues

Economic Outlook (Continued)

to be in the minds of potential commercial and industrial customers. The State of Missouri, in conjunction with local funding partners, completed construction of significant improvements to the interchange at I-49 and MO-291, as well as to MO-7 through Harrisonville. More improvements are under way to North MO-291 in partnership with the Missouri Department of Transportation and other local partners. Voters in November 2014 approved $7 million in revenue bonds to fund improvements in the City's water treatment plant and process which will provide better, cleaner water for years to come. The bonds are scheduled to be issued in January 2017 and the contractor has been awarded the project. Construction is scheduled to begin in February 2017 on the improvements to the water treatment plan. These public infrastructure investments should help maintain and strengthen our commercial base. The Board of Aldermen and City staff take a vigilant approach to monitoring the City's financial health, identifying and acting on trends in order to forestall any major problems.

Financial Contact

These financial statements are designed to provide a general overview of the City's finances and to demonstrate the City's accountability. Any questions or request for additional information should be directed to the Director of Finance, 300 E. Pearl Street, Harrisonville, Missouri 64701.

(This page has been left blank intentionally)

BASIC FINANCIAL STATEMENTS

(This page has been left blank intentionally)

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Cash (claim on cash)	(137,841)	506,611	368,770	
Investments	4,984,448	5,667,783	10,652,231	
Accounts receivable, net of allowance for doubtful accounts	657,061	2,144,600	2,801,661	
Grants receivable	72,338		72,338	
Taxes receivable	922,106		922,106	196,293
Inventories	113,800	717,359	831,159	
Prepaid expenses	244,962	99,197	344,159	
Restricted cash	1,242,788	377,464	1,620,252	124,860
Restricted investments		2,046,832	2,046,832	
Due from component unit	9,380,547	200,000	9,580,547	
Net pension asset	237,436	95,648	333,084	
Capital assets				
Land	890,750	1,588,031	2,478,781	
Construction-in-progress	813,041	2,458,793	3,271,834	
Other capital assets, net of accumulated depreciation	21,192,530	31,806,659	52,999,189	
TOTAL ASSETS	40,613,966	47,708,977	88,322,943	321,153
DEFERRED OUTFLOWS OF RESOURCES				
Resources to be recognized in future pension expense	2,670,467	742,950	3,413,417	
Unamortized payment to escrow agent on defeasance of long-term debt	291,750		291,750	
Total deferred outflows of resources	2,962,217	742,950	3,705,167	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	43,576,183	48,451,927	92,028,110	321,153

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
LIABILITIES				
Accounts payable	213,837	790,615	1,004,452	15,820
Accrued expenses	289,534	56,621	346,155	
Unearned revenue	151,331	91,911	243,242	
Liabilities payable from restricted assets	26,775		26,775	
Meter deposits		888,719	888,719	
Due to primary government				9,380,547
Due to developers				5,326,059
Noncurrent liabilities				
Due within one year	1,428,046	1,057,344	2,485,390	
Due in more than one year	19,231,000	7,502,713	26,733,713	
TOTAL LIABILITIES	21,340,523	10,387,923	31,728,446	14,722,426
DEFERRED INFLOWS OF RESOURCES				
Resources to be recognized in future pension expense	476,135	66,835	542,970	
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	21,816,658	10,454,758	32,271,416	14,722,426
NET POSITION				
Net investment in capital assets	18,094,342	27,020,727	45,115,069	
Restricted for:				
Capital improvements		152,989	152,989	
Debt service	1,104,403	2,271,307	3,375,710	
Other purposes	138,385		138,385	
Unrestricted (deficit)	2,422,395	8,552,146	10,974,541	(14,401,273)
TOTAL NET POSITION	21,759,525	37,997,169	59,756,694	(14,401,273)

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

Functions/programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total	Component Unit
Primary government								
Governmental activities								
General Government	1,722,897	1,964,977	132,527		374,607		374,607	
Administration of Justice	2,877,989	222,035			(2,655,954)		(2,655,954)	
Street	1,157,722				(1,157,722)		(1,157,722)	
Economic Development	497,326				(497,326)		(497,326)	
Animal Control	192,369				(192,369)		(192,369)	
Airport	339,387			352,785	13,398		13,398	
Emergency Services	2,497,603	1,351,037			(1,146,566)		(1,146,566)	
Park	606,756	83,414			(523,342)		(523,342)	
Community Center	1,488,614	852,482			(636,132)		(636,132)	
Towne Center Project	7,075				(7,075)		(7,075)	
Interest on long-term debt	526,562				(526,562)		(526,562)	
Total governmental activities	11,914,300	4,473,945	132,527	352,785	(6,955,043)		(6,955,043)	
Business-type activities								
Electric	11,249,953	11,328,726				78,773	78,773	
Water/Sewer	4,079,377	4,864,960				785,583	785,583	
Aquatic Center	262,529	147,697				(114,832)	(114,832)	
Refuse	505,064	504,735				(329)	(329)	
Total business-type activities	16,096,923	16,846,118				749,195	749,195	
Total primary government	28,011,223	21,320,063	132,527	352,785	(6,955,043)	749,195	(6,205,848)	
Market Place Component Unit	598,677							(598,677)

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
General revenues								
Taxes								
Property tax					967,740		967,740	
Local sales tax					4,695,188		4,695,188	442,480
Franchise taxes					1,450,532		1,450,532	
Other taxes					347,882		347,882	178,749
Investment earnings					56,623	246,329	302,952	235
Gain on sale of assets					23,704	10,859	34,563	
Reimbursements					97,540		97,540	
Other miscellaneous revenues					116,524	49,621	166,145	
Total general revenues					7,755,733	306,809	8,062,542	621,464
CHANGE IN NET POSITION					800,690	1,056,004	1,856,694	22,787
NET POSITION (DEFICIT), beginning of year					20,958,835	36,941,165	57,900,000	(14,424,060)
NET POSITION (DEFICIT), end of year					21,759,525	37,997,169	59,756,694	(14,401,273)

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General Fund	Sales Tax Fund	Community Center Fund	Towne Center TIF Fund	Emergency Services Fund	Nonmajor Funds	Total Governmental Funds
ASSETS							
ASSETS							
Cash (claim on cash)	237,889	51,235	(4,130)	536	(462,294)	38,923	(137,841)
Investments	4,984,448						4,984,448
Accounts receivable			47,337		609,724		657,061
Grants receivable	72,338						72,338
Taxes receivable	554,922	95,616		176,850	47,808	46,910	922,106
Due from component unit	275,000						275,000
Inventories	70,390				43,410		113,800
Prepaid insurance	152,598		19,558		63,583	9,223	244,962
Restricted cash	138,385			726,963		377,440	1,242,788
TOTAL ASSETS	6,485,970	146,851	62,765	904,349	302,231	472,496	8,374,662
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	132,374		32,797	1,000	31,717	15,949	213,837
Accrued expenses	117,640		22,982		43,365		183,987
Unearned revenue	64,332		58,401		14,046	14,552	151,331
Liabilities payable from restricted assets	26,775						26,775
Total liabilities	341,121		114,180	1,000	89,128	30,501	575,930
FUND BALANCES							
Nonspendable	222,988		19,558		106,993	9,223	358,762
Restricted	111,610			903,349		377,440	1,392,399
Assigned		146,851			106,110	55,332	308,293
Unassigned (deficit)	5,810,251		(70,973)				5,739,278
Total fund balances	6,144,849	146,851	(51,415)	903,349	213,103	441,995	7,798,732
TOTAL LIABILITIES AND FUND BALANCES	6,485,970	146,851	62,765	904,349	302,231	472,496	8,374,662

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

Amounts reported for governmental activities in the statement of net position are different because:		
Fund balance - total governmental funds		7,798,732
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	39,550,306	
Less accumulated depreciation	(16,653,985)	22,896,321
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Certificates of participation	(4,650,000)	
Tax increment revenue bonds	(6,585,000)	
Tax increment note payable	(9,000,000)	
Promissory notes payable	(126,602)	
Accrued interest payable	(105,548)	
Capital lease payable	(98,744)	(20,565,894)
Governmental funds report the effect of issuance costs, premiums, and discounts when the debt is first issued, whereas these amounts are deferred and amortized in the government-wide statements.		
Bond discount	104,329	
Bond premium	(42,857)	
Unamortized payment to escrow agent for defeasance on long-term debt	291,750	353,222
Bond cost, net of amortization		
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(260,171)

CITY OF HARRISONVILLE, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

Assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Due from component unit for note payable and accrued interest		9,105,547
The effects of GASB 68 to record the net pension asset (liability) and related deferred outflows and inflows of resources are not reflected in the fund financial statements.		
Net pension asset	237,436	
Deferred outflows of resources to be recognized in future pension expense	2,670,467	
Deferred inflows of resources to be recognized in future pension expense	(476,135)	2,431,768
NET POSITION OF GOVERNMENTAL ACTIVITIES		21,759,525

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016

	General Fund	Sales Tax Fund	Community Center Fund	Towne Center TIF Fund	Emergency Services Fund	Nonmajor Funds	Total Governmental Funds
REVENUES							
Taxes							
Property	664,317			144,052		159,371	967,740
Sales	2,809,688	1,012,932		366,031	506,537		4,695,188
Franchise	1,450,532						1,450,532
Other	331,004					16,878	347,882
Licenses, fees, and permits	189,068						189,068
Charges for services	1,775,909		852,482		1,351,037	83,414	4,062,842
Grants	485,312						485,312
Fines and forfeitures	222,035						222,035
Interest	54,969	792	25	150		687	56,623
Proceeds from the sale of assets	21,925				5,143		27,068
Miscellaneous	73,382		6,253		14,751	22,138	116,524
Reimbursements	97,540						97,540
Total revenues	8,175,681	1,013,724	858,760	510,233	1,877,468	282,488	12,718,354
EXPENDITURES							
Current							
General Government	1,593,951						1,593,951
Administration of Justice	2,568,837						2,568,837
Street	837,799						837,799
Economic Development	455,440						455,440
Animal Control	178,943						178,943
Airport	196,537						196,537
Emergency Services					2,307,984		2,307,984
Park						474,849	474,849
Community Center			1,123,877				1,123,877
Towne Center				7,075			7,075

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016

	General Fund	Sales Tax Fund	Community Center Fund	Towne Center TIF Fund	Emergency Services Fund	Nonmajor Funds	Total Governmental Funds
EXPENDITURES (Continued)							
Debt service							
Principal	45,262		25,464	335,000		700,000	1,105,726
Interest	7,772		3,221	317,416		138,888	467,297
Capital outlay	751,157				177,340	22,447	950,944
Total expenditures	6,635,698		1,152,562	659,491	2,485,324	1,336,184	12,269,259
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	1,539,983	1,013,724	(293,802)	(149,258)	(607,856)	(1,053,696)	449,095
OTHER FINANCING SOURCES (USES)							
Transfers in			137,735	130,500	684,500	1,081,663	2,034,398
Transfers out	(1,058,400)	(975,998)					(2,034,398)
Total other financing sources (uses)	(1,058,400)	(975,998)	137,735	130,500	684,500	1,081,663	
NET CHANGE IN FUND BALANCES	481,583	37,726	(156,067)	(18,758)	76,644	27,967	449,095
FUND BALANCES, January 1, 2016	5,663,266	109,125	104,652	922,107	136,459	414,028	7,349,637
FUND BALANCES (DEFICIT), December 31, 2016	6,144,849	146,851	(51,415)	903,349	213,103	441,995	7,798,732

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		449,095
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. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital outlay	950,944	
Depreciation	(1,234,642)	(283,698)
Governmental funds report the proceeds from the disposal of assets as revenues. However, in the statement of activities, the revenues are reported less the amount of nondepreciated cost. This is the amount by which the cost exceeded any proceeds.		
Cost	(45,554)	
Accumulated depreciation	42,190	(3,364)
The issuance of long-term debt (e.g., bonds, loans, leases) 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 and related items:		
Bond principal payments	335,000	
Promissory note principal payments	25,464	
Certificates of participation principal payments	700,000	
Capital lease principal payments	45,262	
Amortization of premiums and discounts	(59,265)	1,046,461

CITY OF HARRISONVILLE, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		34,670
Governmental funds report payments required for pension costs as expenditures. However, in the statement of activities, these costs are adjusted for the actuarial balances of the net pension asset/liability and deferred outflows and inflows of resources. This is the amount by which the reported pension expense by the pension plan was less than the amounts paid into the plan.		
Plan payments made by the City	437,589	
Pension expense reported by pension plan	(880,063)	(442,474)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		800,690

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

	Electric Fund	Water/ Sewer Fund	Nonmajor Enterprise Funds	Elimina-tions	Total
ASSETS					
Current Assets					
Cash (claim on cash)	665,214	(190,161)	31,558		506,611
Investments	1,566,242	4,101,541			5,667,783
Accounts receivable	1,458,937	617,268	68,395		2,144,600
Due from other funds	102,980			(102,980)	
Inventories	536,242	181,117			717,359
Prepaid insurance	22,811	73,945	2,441		99,197
Total current assets	4,352,426	4,783,710	102,394	(102,980)	9,135,550
Noncurrent Assets					
Restricted cash	77,569	146,906	152,989		377,464
Restricted investments	624,000	1,422,832			2,046,832
Due from fiduciary fund	200,000				200,000
Net pension asset	33,278	62,370			95,648
Capital assets					
Land	99,716	1,488,315			1,588,031
Construction-in-progress	386,188	2,072,605			2,458,793
Other capital assets, net of accumulated depreciation	6,516,815	24,690,632	599,212		31,806,659
Total noncurrent assets	7,937,566	29,883,660	752,201		38,573,427
TOTAL ASSETS	12,289,992	34,667,370	854,595	(102,980)	47,708,977
DEFERRED OUTFLOWS OF RESOURCES					
Resources to be recognized in future pension expense	298,272	444,678			742,950
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	12,588,264	35,112,048	854,595	(102,980)	48,451,927

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

	Electric Fund	Water/ Sewer Fund	Nonmajor Enterprise Funds	Elimina-tions	Total
LIABILITIES					
Current Liabilities					
Due to other funds			102,980	(102,980)	
Accounts payable	696,311	92,195	2,109		790,615
Accrued expenses	25,231	31,390			56,621
Deferred revenue	91,911				91,911
Meter deposits	888,719				888,719
Current portion of long-term obligations	213,765	843,579			1,057,344
Total current liabilities	1,915,937	967,164	105,089	(102,980)	2,885,210
Noncurrent liabilities					
Noncurrent portion of long-term obligations	732,636	6,770,077			7,502,713
TOTAL LIABILITIES	2,648,573	7,737,241	105,089	(102,980)	10,387,923
DEFERRED INFLOWS OF RESOURCES					
Resources to be recognized in future pension expense	26,832	40,003			66,835
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,675,405	7,777,244	105,089	(102,980)	10,454,758
NET POSITION					
Net investment in capital assets	5,706,469	20,715,046	599,212		27,020,727
Restricted for:					
Debt service	701,569	1,569,738			2,271,307
Capital improvements			152,989		152,989
Unrestricted (deficit)	3,504,821	5,050,020	(2,695)		8,552,146
TOTAL NET POSITION	9,912,859	27,334,804	749,506		37,997,169

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
REVENUES				
Charges for services	11,328,726	4,864,960	652,432	16,846,118
EXPENSES				
Production		1,238,541		1,238,541
Distribution	8,176,252	666,993		8,843,245
Administration	2,719,205	961,176	679,933	4,360,314
Depreciation	305,175	933,705	87,660	1,326,540
Total expenses	11,200,632	3,800,415	767,593	15,768,640
INCOME (LOSS) FROM OPERATIONS	128,094	1,064,545	(115,161)	1,077,478
NONOPERATING INCOME (EXPENSE)				
Gain on sale of assets	1,886	8,973		10,859
Other income	7,661	41,960		49,621
Interest income	37,758	208,044	527	246,329
Interest expense	(49,321)	(278,962)		(328,283)
Total nonoperating income (expense)	(2,016)	(19,985)	527	(21,474)
CHANGE IN NET POSITION	126,078	1,044,560	(114,634)	1,056,004
TOTAL NET POSITION, beginning of year	9,786,781	26,290,244	864,140	36,941,165
TOTAL NET POSITION, end of year	9,912,859	27,334,804	749,506	37,997,169

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	11,259,249	4,822,901	649,419	16,731,569
Cash payments to suppliers	(10,204,800)	(2,220,445)	(606,601)	(13,031,846)
Cash payments to employees	(615,700)	(830,274)	(73,061)	(1,519,035)
Net cash provided by (used in) operating activities	438,749	1,772,182	(30,243)	2,180,688
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due to/from other funds	(28,025)		28,025	
Net cash provided by (used in) noncapital financing activities	(28,025)		28,025	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(197,588)	(1,259,898)	(1,197)	(1,458,683)
Other income	7,661	41,960		49,621
Proceeds from the sale of assets	1,886	8,973		10,859
Payments of long-term debt	(200,000)	(693,976)		(893,976)
Interest paid on bonds	(48,086)	(290,516)		(338,602)
Net cash used in capital and related financing activities	(436,127)	(2,193,457)	(1,197)	(2,630,781)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net investment activity	619,682	38,711	151,717	810,110
Interest on investments	37,758	208,044	527	246,329
Net cash provided by investing activities	657,440	246,755	152,244	1,056,439
NET INCREASE (DECREASE) IN CASH	632,037	(174,520)	148,829	606,346

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
CASH, January 1, 2016	110,746	131,265	35,718	277,729
CASH (CLAIM ON CASH), December 31, 2016	742,783	(43,255)	184,547	884,075
ALLOCATION OF CASH				
Unrestricted	665,214	(190,161)	31,558	506,611
Restricted	77,569	146,906	152,989	377,464
	742,783	(43,255)	184,547	884,075
Reconciliation of Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities				
Income (loss) from operations	128,094	1,064,545	(115,161)	1,077,478
Adjustments to reconcile income (loss) to net cash provided by (used in) operating activities:				
Depreciation	305,175	933,705	87,660	1,326,540
(Increase) Decrease in assets:				
Accounts receivable	(116,276)	(42,059)	(3,013)	(161,348)
Inventories	(18,575)	6,267		(12,308)
Prepaid expenses	541	(35,259)	(114)	(34,832)
Net pension asset and related deferred outflows and inflows of resources	57,824	84,632		142,456
Increase (Decrease) in liabilities:				
Accounts payable	38,721	(245,018)	385	(205,912)
Accrued expenses	(535)	3,004		2,469
Compensated absences	(3,019)	2,365		(654)
Unearned revenue	(10,307)			(10,307)
Meter deposits payable	57,106			57,106
Total adjustments	310,655	707,637	84,918	1,103,210
Net cash provided by (used in) operating activities	438,749	1,772,182	(30,243)	2,180,688

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2016

	Hospital Interchange TDD	Highways 71/291 TDD	Total
ASSETS			
Cash (claim on cash) and cash equivalents	3,268	(172,074)	(168,806)
Taxes receivable		93,768	93,768
TOTAL ASSETS (DEFICIT)	3,268	(78,306)	(75,038)
LIABILITIES			
Deposits held for Hospital Interchange TDD	3,268		3,268
Due to City of Harrisonville		200,000	200,000
Accounts payable		27,682	27,682
TOTAL LIABILITIES	3,268	227,682	230,950
NET POSITION (DEFICIT)		(305,988)	(305,988)

The notes to the financial statements are an integral part of this statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Harrisonville, Missouri, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. REPORTING ENTITY

The City of Harrisonville, Missouri, is a fourth-class city in which citizens elect the Mayor at large and eight council members by wards. The accompanying financial statements present the City's primary government and any component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, and includes all component units of which the City appointed a voting majority of the units' board and the City is either able to impose its will on the unit or a financial benefit or burden exists.

The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City, including joint agreements, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the City exercises oversight responsibility, which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters, scope of public service, and special financing relationships. Component units are reported in the City's financial statements as follows:

Discretely Presented Component Unit

A discretely presented component unit is a separate legal entity that meets the component unit criteria. This criteria includes the ability to impose its will on or significantly influence the organization or if a financial benefit or burden relationship exists.

The Market Place TIF District Fund accounts for the revenues and expenses associated with the Market Place Redevelopment Project.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

Blended Component Units

In addition to the criteria noted above, a blended component unit's governing body is the same or substantially the same as the City's Board of Aldermen, or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation.

The Towne Center TIF Fund accounts for proceeds of the TIF notes issued to pay for the Towne Center Redevelopment Project along with the tax proceeds and uses generated by the District. The City has not adopted an annual budget for this fund.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City except the fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type, and

b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The government reports the following major governmental funds:

General Fund - This fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Sales Tax Fund - The Sales Tax Fund is used to accumulate revenues from a special sales tax for capital improvements.

Community Center Fund - This fund is responsible for the operations of the City's Community Center. The fund is financed by charges for services.

Towne Center TIF Fund - This fund accounts for the proceeds of the TIF notes issued to pay for the Towne Center Redevelopment Project along with the tax proceeds and uses generated by the District. The City has not adopted an annual budget for this fund.

Emergency Services Fund - This fund is responsible for the operations of the City's emergency services. The fund is financed by taxes and emergency service revenues.

The government reports the following major proprietary funds:

Electric Fund - The Electric Fund accounts for the billing and collection of charges for electric service for most city residents. Revenues are used to pay for both operations and capital outlay to maintain this service.

Water and Sewer Fund - The Water and Sewer Fund accounts for the billing and collection of charges for water and sanitary sewer services to the residents of the City and a limited number of customers outside of city limits. All activities necessary to provide such services are accounted for in this fund.

Additionally, the government reports the following nonmajor funds:

Governmental Funds

Park Fund - The Park Fund is primarily used for the maintenance of the City's parks. The fund is financed by property and license fees.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of, the principal and interest for the 2012 Certificates of Participation which were issued for the use in the advance refunding of the 2003 Certificates of Participation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Proprietary Funds

Aquatic Center Fund - The Aquatic Center Fund is used to account for the operations of the Aquatic Center.

Refuse Fund - The Refuse Fund is used to account for the provision of refuse collection to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Fiduciary Funds

This fund accounts for the City's fiduciary responsibility to track receipts and disbursements associated with the Highway 71/291 Partners in Progress TDD and the Hospital Interchange TDD.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The government-wide financial statements are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using 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 with 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 period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property tax, sales taxes, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (Continued)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. BUDGETS

Budgets for the City are prepared and adopted on the cash basis of accounting for all governmental and proprietary funds. The City Administrator may make transfers of appropriations within a department. Transfers of appropriations between funds require the approval of the governing council. The Board of Aldermen approved amendments to the budget during the year. The actual results of operations are presented in comparison to the budgets on the combined statement of revenues, expenditures, and changes in fund balances - budget and actual - all governmental fund types. All governmental funds have a legally adopted annual budget. Appropriations lapse at year-end but may be reappropriated in the following year.

E. CASH AND INVESTMENTS

For the purpose of the statement of cash flows, the City considers all highly liquid investments (including restricted assets except for those held by trustees) with a maturity of three months or less when purchased to be cash equivalents, along with demand deposits and certificates of deposit. As of December 31, 2016, the City had no cash equivalents.

The City's investment policies are structured to conform to Missouri Statute 30.270. The City is authorized to invest in U.S. Treasury obligations, U.S. government agency securities and instruments of government-sponsored corporations, certificates of deposit at commercial banks and S & L associations, and repurchase agreements. Investments are reported at fair value.

F. RESTRICTED CASH AND INVESTMENTS

Certain cash and investment accounts are restricted for construction projects, debt service, and compliance with bond covenants. Assets are also restricted in the proprietary funds for refunding customer meter deposits.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. INTERFUND TRANSACTIONS

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources, to provide services and construct assets. Legally authorized transfers are treated as operating transfers and are included in the results of operations for both governmental and proprietary funds.

H. PREPAIDS AND INVENTORIES

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

Inventories, consisting of materials and supplies, are valued at lower of cost or market. Cost is determined using first-in, first-out (FIFO) basis.

I. CAPITAL ASSETS

Prior to GASB Statement No. 34, capital assets for governmental funds were recorded in the General Fixed Asset Account Group and were not depreciated. The new model requires that all capital assets, whether owned by governmental activities or business-type activities, be recorded and depreciated in the government-wide financial statements.

Capital assets, including infrastructure, are defined as assets with an initial cost of $5,000 or more and an estimated useful life of more than one year. Capital assets are stated at cost or at estimated fair value at time of donation.

Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed when incurred. When capital assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

General infrastructure assets acquired prior to January 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure assets acquired subsequent to January 1, 2003.

Depreciation of buildings, equipment, and vehicles is computed using the straight-line method over the following estimated useful lives:

Buildings and processing facilities	15 - 50 years
Machinery and equipment	5 - 25 years
Street infrastructure	7 - 50 years
Transmission lines and mains	30 - 50 years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. COMPENSATED ABSENCES

Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements and are included as a part of long-term liabilities. 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. The amount of accrued vacation benefits included in the government-wide financial statements, related to governmental activities, for the year ended December 31, 2016, is $260,171. Business-type activity funds reported accrued vacation benefits for the year ended December 31, 2016, of $113,486.

K. LONG-TERM OBLIGATIONS AND BOND DISCOUNTS/PREMIUMS

In the government-wide and proprietary fund financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period.

L. NET POSITION

Government-Wide Statements

Net position is displayed in three components:

Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provision or enabling legislation.

Unrestricted net position does not meet the definition of restricted.

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. NET POSITION (Continued)

Fund Statements (Continued)

The classifications used in the governmental fund financial statements are as follows:

Nonspendable

This classification includes amounts that cannot be spent because they either (a) are not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either by external groups such as creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City currently has no amounts classified in this category.

Assigned

This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board delegating this responsibility to the City Administrator through the budgetary process.

Unassigned

This classification includes the residual fund balance for the General Fund and any deficit balance in any other fund.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the Unites States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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. The more significant estimates in the financial statements are allowance for bad debts, depreciation, and accrued liabilities.

N. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The City reports increases and decreases in net assets that relate to future periods as deferred outflows and inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The City has several calculations related to its pension plan that qualify for reporting in these categories in addition to the amounts included in the current year's financial statements that are the result of prior year refunded debt for the original issues' discounts and/or premiums which are being amortized over the remaining life of the original debt as a part of interest expense.

O. REVENUES

Billings for utility services are rendered on a monthly basis. Unbilled revenues from the last billing date to the end of the period are accrued in the period of usage and included in accounts receivable.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

P. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES (Continued)

Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - Repayments from funds responsible for certain expenditures/expense to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Interfund balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.

2. Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities. The effects of interfund services between funds, if any, are not eliminated in the statement of activities.

NOTE 2. CASH AND INVESTMENTS

Cash

Custodial credit risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

As of December 31, 2016, all of the City's deposits with financial institutions were fully insured or collateralized.

NOTE 2. CASH AND INVESTMENTS (Continued)

Investments

The City's investments at December 31, 2016, are summarized below:

Investment	Unrestricted	Restricted
Investments held by trustee (Bond Reserves)		
Money market funds		496,942
Certificates of deposit	8,346,645	871,000
Federal Farm Credit Bank (AAA)	614,317	500,000
Federal Home Loan Bank (AAA)	518,703	
Federal Home Loan Mortgage Corporation (AAA)	620,919	178,890
Freddie Mac	299,568	
Federal National Mortgage Association (AAA)	252,079	
	10,652,231	2,046,832
Maturities		
Less than six months	1,828,724	496,942
Six months to one year	1,073,477	675,890
Over one year	7,750,030	874,000
	10,652,231	2,046,832

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities of less than two years without prior approval of the Board of Aldermen.

Credit Risk

The City's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk

The City will diversify use of investment instruments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions, or maturities.

NOTE 2. CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk (Continued)

Investments will be limited to the instruments listed below, unless approved by the Board of Aldermen.

Investment Instrument	Maximum Percent of Portfolio
U.S. Treasury Obligations	100%
U.S. Government Agency Securities	
Instruments of Government-Sponsored Corporations	100%
Certificates of Deposit	
Commercial Banks	50%
Savings and Loan Associations	50%

NOTE 3. GRANTS/ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

	Grants/ Accounts	Taxes	Allowance for Doubtful Accounts	Receivables, Net
Governmental Activities				
General	72,338	554,922		627,260
Emergency Services	3,419,724	47,808	(2,810,000)	657,532
Community Center	94,410		(47,073)	47,337
Park		46,910		46,910
Towne Center TIF		176,850		176,850
Sales tax		95,616		95,616
Total governmental activities	3,586,472	922,106	(2,857,073)	1,651,505
Business-Type Activities				
Electric	1,750,471		(291,534)	1,458,937
Water/Sewer	774,526		(157,258)	617,268
Refuse	92,791		(24,396)	68,395
Total business-type activities	2,617,788		(473,188)	2,144,600

NOTE 4. PROPERTY TAXES

The assessed valuation of the tangible property for the purpose of local taxation as of May 31, 2016, was as follows:

Real estate	96,807,843
Personal property	23,807,868
	120,615,711

The tax levy per $100 of assessed valuation of tangible property for the calendar year 2016 was as follows:

General operating	0.5672
Park	0.1283
	0.6955

Property taxes may attach as an enforceable lien on property as of January 1. Taxes are levied no later than November 1 and are due and payable at that time. All unpaid taxes levied by November 1 become delinquent January 1 of the following year.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance January 1, 2016	Additions and Transfers	Retirements and Transfers	Balance December 31, 2016
Governmental Activities				
Capital assets, not being depreciated				
Land	890,750			890,750
Construction-in-progress	486,025	344,614	(17,598)	813,041
Total capital assets, not being depreciated	1,376,775	344,614	(17,598)	1,703,791
Capital assets, being depreciated				
Buildings and improvements	23,815,104	23,030		23,838,134
Streets	6,638,115	321,808		6,959,923
Machinery and equipment	6,814,922	279,090	(45,554)	7,048,458
Total capital assets, being depreciated	37,268,141	623,928	(45,554)	37,846,515

NOTE 5. CAPITAL ASSETS (Continued)

	Balance January 1, 2016	Additions and Transfers	Retirements and Transfers	Balance December 31, 2016
Governmental Activities (Continued)				
Less accumulated depreciation for:				
Buildings and improvements	(7,997,798)	(677,955)		(8,675,753)
Streets	(1,927,088)	(241,729)		(2,168,817)
Machinery and equipment	(5,536,647)	(314,958)	42,190	(5,809,415)
Total accumulated depreciation	(15,461,533)	(1,234,642)	42,190	(16,653,985)
Total capital assets being depreciated, net	21,806,608	(610,714)	(3,364)	21,192,530
Governmental activities capital assets, net	23,183,383	(266,100)	(20,962)	22,896,321
Business-Type Activities - Electric Fund				
Capital assets, not being depreciated				
Land	99,716			99,716
Construction-in-progress	993,174	11,896	(618,882)	386,188
Total capital assets, not being depreciated	1,092,890	11,896	(618,882)	485,904
Capital assets, being depreciated				
Buildings and improvements	4,436,930			4,436,930
Equipment and transmission lines	9,046,206	804,573		9,850,779
Total capital assets, being depreciated	13,483,136	804,573		14,287,709
Less accumulated depreciation for:				
Buildings and improvements	(2,240,407)	(91,387)		(2,331,794)
Equipment and transmission lines	(5,225,313)	(213,788)		(5,439,101)
Total accumulated depreciation	(7,465,720)	(305,175)		(7,770,895)
Total capital assets being depreciated, net	6,017,416	499,398		6,516,814
Business-type activities - Electric Fund capital assets, net	7,110,306	511,294	(618,882)	7,002,718

NOTE 5. CAPITAL ASSETS (Continued)

	Balance January 1, 2016	Additions and Transfers	Retirements and Transfers	Balance December 31, 2016
Business-Type Activities - Water/ Sewer Fund				
Capital assets, not being depreciated				
Land	1,488,315			1,488,315
Construction-in-progress	2,468,467	292,576	(688,440)	2,072,603
Total capital assets, not being depreciated	3,956,782	292,576	(688,440)	3,560,918
Capital assets, being depreciated				
Buildings and improvements	11,667,319			11,667,319
Equipment and transmission lines	28,734,068	1,655,767		30,389,835
Total capital assets, being depreciated	40,401,387	1,655,767		42,057,154
Less accumulated depreciation for:				
Buildings and improvements	(8,034,328)	(267,110)		(8,301,438)
Equipment and transmission lines	(8,398,482)	(666,595)		(9,065,077)
Total accumulated depreciation	(16,432,810)	(933,705)		(17,366,515)
Total capital assets being depreciated, net	23,968,577	722,062		24,690,639
Business-type activities - Water/Sewer Fund capital assets, net	27,925,359	1,014,638	(688,440)	28,251,557
Business-Type Activities - Aquatic Fund				
Capital assets, being depreciated				
Buildings and improvements	2,007,794			2,007,794
Equipment	60,549	1,197		61,746
Total capital assets, being depreciated	2,068,343	1,197		2,069,540
Less accumulated depreciation for:				
Buildings and improvements	(1,354,197)	(83,981)		(1,438,178)
Equipment	(28,471)	(3,679)		(32,150)
Total accumulated depreciation	(1,382,668)	(87,660)		(1,470,328)
Business-type activities - Aquatic Center capital assets, net	685,675	(86,463)		599,212

NOTE 5. CAPITAL ASSETS (Continued)

The following table summarizes the depreciation by function for the year ended December 31, 2016:

	Governmental Activities	Business-Type Activities
General Government	85,717	
Administration of Justice	108,892	
Street	290,342	
Economic Development	14,170	
Animal Control	3,936	
Airport	136,928	
Emergency Services	152,400	
Park	107,928	
Community Center	334,329	
Electric		305,175
Water and Sewer		933,705
Aquatic Center		87,660
	1,234,642	1,326,540

NOTE 6. LONG-TERM DEBT

Governmental Activities

Changes in the debt for the year ended December 31, 2016, consisted of the following:

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Due in One Year
Capital lease obligations	144,006		(45,262)	98,744	47,949
Tax Increment Revenue Bonds	6,920,000		(335,000)	6,585,000	340,000
Tax Increment Revenue Note	9,000,000			9,000,000	
Promissory Notes	152,066		(25,464)	126,602	26,171
Refinanced Certificates of Participation (COP)	5,350,000		(700,000)	4,650,000	720,000
Compensated absences	294,841	260,171	(294,841)	260,171	294,841
COP premium	51,427		(8,570)	42,857	8,570
Less: note discount	(113,814)		9,485	(104,329)	(9,485)
Total governmental debt	21,798,526	260,171	(1,399,652)	20,659,045	1,428,046

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Compensated Absences

Compensated absences are payable upon an employee's separation from employment, which could occur at any time, and the absences are, therefore, considered payable within one year and are liquidated by the governmental fund responsible for generating the liability. The liability is allocated to each fund as follows:

General	175,313
Park	25,768
Community Center	20,339
EMS	38,751
	260,171

Capital Lease Obligations

The City has entered into a capital lease agreement for the purchase of airport hangars. The lease agreement qualifies as a capital lease for financial reporting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The cumulative amount of assets acquired under the capital lease described above amounted to $596,729 as of December 31, 2016.

Future minimum lease payments under capital leases, together with the present value of net minimum lease payments, consist of the following:

Year Ending December 31,	
2017	53,034
2018	53,034
Total minimum lease payments	106,068
Less amount representing interest	7,324
Present value of future minimum lease payments	98,744

Tax Increment Revenue Bonds

On June 1, 2007, the City issued $8,630,000 in Tax Increment Revenue Bonds for the purpose of providing funds to refinance the 2005 Tax Increment Financing Temporary Notes, pay accrued interest on the Temporary Notes, fund a deposit to the debt service reserve for the bonds, and pay costs related to the issuance of the bonds. The City anticipates that it will pledge the incremental payments in lieu of taxes and, subject to

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Tax Increment Revenue Bonds (Continued)

annual appropriation, Economic Activity Taxes generated by the private development within the Towne Center TIF District. The Bonds do not constitute a general obligation of the City of Harrisonville, Missouri. Interest is paid semiannually on May 1 and November 1. Principal is due each year on November 1 through the maturity date of November 1, 2028. The interest rate on this issue ranges from 4.25% to 5.0%.

Aggregate annual principal and interest payments applicable to the TIF Bonds are:

Years Ending December 31,	Principal	Interest
2017	340,000	301,063
2018	365,000	286,188
2019	390,000	269,763
2020	425,000	252,213
2021	450,000	252,213
2022-2026	2,685,000	944,965
2027-2028	1,930,000	266,170
	6,585,000	2,572,575

Tax Increment Revenue Notes

On December 18, 2009, the City issued $9,000,000 in Tax Increment Revenue Notes for the purpose of providing funds to pay for certain reimbursable costs associated with the Cooperation, Financing, and Pledge Agreement (CFP Agreement) dated December 18, 2009, between the City; Harrisonville MP, LLC; The Harrisonville Market Place Transportation Development District A (TDD A); and The Harrisonville Market Place Transportation Development District B (TDD B).

The City has pledged the incremental payments in lieu of taxes and Economic Activity Taxes generated by the private development within the Market Place TIF District. Additional revenues generated by the TDD A and TDD B districts are also pledged to the repayment of the Note. The Note does not constitute a general obligation of the City.

From the date of this Note, the applicable interest rate on the unpaid principal balance of this Note was 6% per annum. During 2011, the interest rate on this Note was adjusted to 4.75% and as of April 1, 2014, it again changed to 6.5% with payments due annually. The restructured Note does not call for regular principal payments, and no

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Tax Increment Revenue Notes (Continued)

balloon payment is disclosed on the Note. The City is required to submit collections of revenues for the district to a separate account, which is used to pay the required annual payment.

Annual interest payments applicable to the full balance of the TIF notes are $585,000. The principal due for the year ended December 31, 2016, or thereafter is $9,000,000.

Certificates of Participation

On May 1, 2012, Refunding Certificates of Participation were issued to advance refund the 2003 issued Certificates of Participation disclosed above in the amount of $7,830,000 at rates ranging from 2.000% to 2.750%. These Refunding Certificates of Participation mature on December 1, 2022, with semiannual interest payments.

Aggregate annual principal and interest payments are as follows:

Year Ending December 31,	Principal	Interest
2017	720,000	117,263
2018	745,000	95,662
2019	760,000	79,831
2020	785,000	62,731
2021	810,000	44,088
2022	830,000	22,825
	4,650,000	422,400

Promissory Note Payable

In 2011, the City entered into a promissory note payable with the Missouri Department of Natural Resources for the purpose of constructing and installing energy savings equipment. In December 2011, the City received $171,931 to assist with upcoming costs for these expenses in the Community Center. The note bears interest at 2% and requires semiannual payments of principal and interest until maturity on April 1, 2023.

On February 20, 2015, the City entered into a promissory note payable with Community Bank of Raymore for the purchase of items for the community center. The note bears interest at 4% and requires monthly payments principal and interest until maturity on February 20, 2018.

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Promissory Note Payable (Continued)

Aggregate annual principal and interest payments are as follows:

Years Ending December 31,	Principal	Interest
2017	26,171	2,514
2018	19,501	1,891
2019	17,399	1,358
2020	17,749	1,005
2021	9,008	645
2022-2026	36,774	277
	126,602	7,690

Business-Type Activities

Changes in the debt for the year ended December 31, 2016, consisted of the following:

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Due in One Year
2002 Waterworks and Sewerage Revenue Bonds	1,995,000		(225,000)	1,770,000	235,000
2003 Waterworks and Sewerage Revenue Bonds	1,845,000		(165,000)	1,680,000	175,000
2005 Waterworks and Sewerage Revenue Bonds	950,000		(85,000)	865,000	85,000
2007 Electric System Refunding Revenue Bonds	1,115,000		(200,000)	915,000	215,000
2010 Waterworks and Sewerage Revenue Bonds	3,140,400		(188,700)	2,951,700	192,500
Promissory Note	220,526		(30,276)	190,250	31,039
Compensated absences	114,140	113,486	(114,140)	113,486	113,486
	9,380,066	113,486	(1,008,116)	8,485,436	1,047,025
Add: Bond premium	91,110		(11,554)	79,556	11,554
Less: Bond discount	(6,173)		1,235	(4,938)	(1,235)
Total business-type activities	9,465,003	113,486	(1,018,435)	8,560,054	1,057,344

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Compensated Absences

Compensated absences are payable upon an employee's separation from employment, which could occur at any time, and the absences are, therefore, considered payable within one year and are liquidated by the governmental fund responsible for generating the liability. The liability is allocated to each fund as follows:

Electric	36,338
Water/Sewer	77,148
	113,486

Revenue Bonds

On October 23, 2002, the City issued $4,370,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program). Of the bonds, $3,660,000 was issued for the purpose of extending and improving the City's combined waterworks and sewerage system and $710,000 was issued to refund a prior issue of bonds of the City.

The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on January 1 and July 1. Principal is due each year on July 1 through the maturity date of July 1, 2023. The interest rate on this issue ranges from 2.05% to 5.0%.

On April 1, 2003, the City issued $3,295,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund) for the purpose of financing certain improvements to the City's sewer system. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on January 1 and July 1. Principal is due each year on January 1 through the maturity date of January 1, 2024. The interest rate on this issue ranges from 2.0% to 5.25%.

On May 19, 2005, the City issued $1,710,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund) for the purpose of financing certain improvements to the City's sewer system. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on January 1 and July 1. Principal is due each year on July 1 through the maturity date of July 1, 2025. The interest rate on this issue ranges from 3.0% to 5.0%.

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Revenue Bonds (Continued)

On September 1, 2007, the City issued $2,730,000 in Electric System Refunding Revenue Bonds for the purpose of providing funds to refund outstanding Series 1999 Electric System Revenue Bonds. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on May 1 and November 1. Principal is due each year on November 1 through the maturity date of November 1, 2020. The interest rate on this issue ranges from 4.0% to 4.5%.

In March 2010, the City issued the Combined Waterworks and Sewerage System Revenue Bonds that can be drawn on for a maximum principal amount of $4,300,000. Semiannual interest payments are due each January 1 and July 1, commencing July 1, 2010. Interest is determined by 30% of the Revenue Bond Index as published in The Bond Buyer. Principal payments are due each January 1 and July 1, commencing July 1, 2011, and maturing on July 1, 2030. As of December 31, 2016, the City has drawn down $3,288,541 on this bond.

Aggregate annual principal and interest payments applicable to the revenue bonds are:

Years Ending December 31,	Principal	Interest
2017	902,500	298,430
2018	936,300	259,904
2019	955,200	221,065
2020	1,009,400	178,277
2021	778,500	135,705
2022-2026	2,756,700	251,852
2027-2030	843,100	25,376
	8,181,700	1,370,609

As of December 31, 2016, the sinking funds and the reserve funds were adequately funded and the City was in compliance with its rate covenants for all bonds.

Promissory Note Payable

In 2011, the City entered into a promissory note payable with the Missouri Department of Natural Resources for the purpose of constructing and installing energy savings equipment. In December 2011, the City received $380,000 to assist with upcoming costs for these expenses in the Water/Sewer facilities. The note bears interest at 2% and requires semiannual payments of principal and interest until maturity on April 1, 2023.

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Promissory Note Payable (Continued)

Aggregate annual principal and interest payments applicable to the promissory note are:

Years Ending December 31,	Principal	Interest
2017	31,039	4,563
2018	31,820	3,782
2019	32,620	2,982
2020	33,440	2,162
2021	17,034	1,321
2022-2026	44,297	458
	190,250	15,268

NOTE 7. INTERFUND TRANSACTIONS

Transfers during the year ended December 31, 2016, were as follows:

	Transfers Out:			
	General	Sales Tax	Electric	Total
Transfers in:				
Community Center		137,735		137,735
Town Center TIF	130,500			130,500
Emergency Services	684,500			684,500
Fiduciary fund			200,000	200,000
Nonmajor governmental funds	243,400	838,263		1,081,663
Total	1,058,400	975,998	200,000	2,234,398

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8. INTERFUND BALANCES

	Due to: Electric
Due from:	
Fiduciary fund	200,000
Nonmajor proprietary funds	102,980
Total	302,980

The balance of amounts due to the Electric Fund are the result of an advance to the fiduciary fund in excess of the amount considered as a transfer.

NOTE 9. PENSION PLAN

Plan Description

The City of Harrisonville, Missouri, contributes to the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multi-employer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the state of Missouri. LAGERS was established in 1967 and is administered in accordance with RSMo. 70.600-70.755. LAGERS serves approximately 668 local participating employers. These participating employers include 299 cities, 60 counties, and 323 other public entities during the plan year ended June 30, 2016.

Responsibility for the operation and administration of the plan is vested in the LAGERS Board of Trustees consisting of seven persons. Three trustees are elected by the employees who participate in the system, three trustees are elected by the members of the governing bodies of those political subdivisions which participate in the system and one trustee is appointed by the governor. The regular term of office for members of the LAGERS Board of Trustees is four years. Members of the LAGERS Board of Trustees serve without compensation with respect to their duties, but are reimbursed by LAGERS for their actual and necessary expenses incurred in the performance of their duties.

For the City's year ending December 31, 2016, the net pension asset is based on an actuarial valuation performed as of February 29, 2016, and a measurement date of June 30, 2016.

Benefits Provided

LAGERS provides retirement, death, and disability benefits to employees of participating political subdivisions. All benefits vests after 5 years of service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program then in effect for their political subdivision. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced

NOTE 9. PENSION PLAN (Continued)

Benefits Provided (Continued)

allowance. The LAGERS Board of Trustees establishes the benefit plans and provisions that are available for adoption. The political subdivision's governing body adopts all benefits of the plan. Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Contributions

Each participating unit of government is obligated by state law to make all required contributions to the plan. The required contributions are actuarially determined using the individual entry-age actuarial cost method. There are no long-term contracts for contributions to the plan. All actuarial liabilities are amortized over a period of 30 years or less.

Administrative costs of LAGERS are financed through investment earnings of the system. Employee contributions are determined at the election of the governing body of the local government. Should the governing body elect to participate in the contributory plan, all employees must contribute four percent of gross salary. The governing body may elect to participate in the non-contributory plan which would result in no employee contributions.

Actuarial Assumptions

The pension liability for the June 30, 2016, measurement date was determined using the following actuarial assumptions applied to the measurement:

Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Multiple bases from 13 to 21 years
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.5% price inflation
Salary Increases	3.25% to 6.55% (7.15% for fire) including wage inflation
Investment Rate of Return	7.25%, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition

NOTE 9. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Mortality	The health retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.
Other information	New assumptions adopted based on the 5-year experience study for the period March 1, 2010 through February 28, 2015.

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits). The municipal bond rate is 3.80% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The resulting single discount rate is 7.25% for the General, Police, and Fire Divisions.

This rate considers the ability of the plan to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses, and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the preceding paragraph.

NOTE 9. PENSION PLAN (Continued)

Discount Rate (Continued)

LAGERS has provided tables to the City that provide background for the development of the single discount rate. These tables are described as follows:

The Projection of Contributions table shows the development of expected contributions in future years. Normal Cost contributions for future hires are not included (nor are their liabilities).

The Projection of Plan Fiduciary Net Position table shows the development of expected asset levels in future years.

The Present Values of Projected Benefit Payments table shows the development of the Single Discount Rate (SDR). It breaks down the benefit payments into present values for funded and unfunded portions and shows the equivalent total at the SDR.

Pension Liability Sensitivity

The following table presents the net pension asset (liability) for the City's proportionate share of the net pension asset (liability) as of June 30, 2016, calculated using the discount rate of 7.25%, as well as what the pension plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1.00% Decrease (6.25%)	Current Rate (7.25%)	1.00% Increase (8.25%)
General Division	(663,353)	1,615,389	3,527,099
Police Division	(306,930)	356,957	909,087
Fire Division	197,894	504,448	749,965
Total	(772,389)	2,476,794	5,186,151

Pension Plan Fiduciary Net Position

Additional financial and actuarial information supporting the preparation of the schedule of changes in fiduciary net position is included in the System's Comprehensive Annual Financial Report for the year ended June 30, 2015. The Comprehensive Annual Financial Report can be obtained at www.molagers.org or from Missouri Local Area Government Employee Retirement System (LAGERS), PO Box 1665, Jefferson City, MO 65102.

NOTE 10. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property of the participants. Investments are managed by the plan's trustee under several investment options. The choice of the investment options is made by the participants.

NOTE 11. MAJOR SUPPLIERS

During the year ended December 31, 2016, the City relied upon one vendor for the generation and transmission of all electricity purchased for resale totaling $8,176,252.

NOTE 12. RISK MANAGEMENT

In its normal course of business, the City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and no significant losses in the past three years.

NOTE 13. SELF-INSURANCE

The City is a member of the MPR (Midwest Public Risk), a not-for-profit corporation consisting of governmental entities incorporated in 1984 to acquire insurance for its members. MPR operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection, or the governing body. MPR provides both conventional and self-insurance coverage for its members including medical, dental, property, casualty, general liability, and workers' compensation. The City participates in the workers' compensation insurance coverages.

MPR manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MPR's investment pool consists of interest-bearing deposits, U.S. Treasury, and U.S. governmental agency obligations.

In the event that a deficit occurs with respect to any fiscal year of MPR for which the City was a participant at any time during such year, and in the event that MPR determines that an assessment is required in order to provide additional funds for the obligations of MPR for such year, and further, in the event that the City was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the City is obligated to pay its pro rata share of any such assessment, irrespective of whether or not the City is a member of MPR at the time of such assessment.

MPR's financial statements are presented in its Comprehensive Annual Financial Report.

NOTE 14. PROMISSORY NOTE RECEIVABLE

On March 18, 2011, the City received a promissory note from Harrisonville Housing Associates, L.P. Clarkton, Missouri, in the amount of $750,490 with zero percent interest. The note calls for repayment of principal annually in an amount equal to 50% of cash flow allowed by the Missouri Housing Development Commission and the United States Department of Agriculture, Rural Housing Service (Rural Development) "the agency." Such payment is due thirty days after the date that the audit of the Harrisonville Housing Associates, L.P., is approved by the agency. In any event, all remaining indebtedness is due and payable on March 18, 2062. The note is secured by a Deed of Trust.

Since the timing of the repayment cannot be readily determined, the balance of the note receivable is offset with a contra-asset account of the same amount. The first repayment of $4,147 was received in 2016 and the remaining balance on the note at December 31, 2016, was $746,343.

Funding for the loan was made available with a CDBG grant which is available for re-use from collections of principal for other eligible CDBG activity.

NOTE 15. TAX ABATEMENTS

The City has two programs through which tax abatements are provided:

Harrisonville Towne Center Tax Increment Financing Plan (TIF)

On December 22, 2005, the City of Harrisonville, Missouri, and D.J. Christie, Inc., the developer, implemented the Redevelopment Agreement (Plan). The Plan is authorized by Missouri Revised Statutes and the City's Economic Development Act and provides for the construction of one redevelopment project in Harrisonville, Missouri, which anticipates the construction of approximately 157,900 gross square feet of improvements to be used for the operation of businesses conducting retail sales, in the portion of the Redevelopment Area, together with the installation, repair, construction, reconstruction, and relocation of certain streets and utilities. The Plan relies on the abatement of fifty percent (50%) of the total additional revenue from taxes that are imposed by the City or other Taxing Districts, which are generated by the economic activities within the Redevelopment Area, while tax increment financing remains in effect, excluding licenses, fees, or special assessments, other than payments in lieu of taxes, until the designation is terminated (Economic Activity Taxes). In addition, the Plan relies on revenues from real property in the Redevelopment Area, which revenues are to be used to retire TIF obligations and pay other reimbursable project costs, which Taxing Districts would have received had the City not adopted tax increment allocation financing, and which would result from levies made after the time of the adoption of the tax increment allocation financing during the time the current equalized value of real property in the Redevelopment Area exceeds the Total Initial Equalized Value of real property in such area until the designation is terminated, which shall not be later than 23 years after the project to be development is approved by an Ordinance of the Board of Aldermen (Payment in Lieu of Taxes).

NOTE 15. TAX ABATEMENTS (Continued)

Harrisonville Towne Center Tax Increment Financing Plan (TIF) (Continued)

On June 1, 2007, the City issued $8,630,000 in Tax Increment Revenue Bonds for the purpose of providing funds to refinance the 2005 Tax Increment financing Temporary Notes, pay accrued interest on the Temporary Notes, fund a deposit to the debt service reserve for bonds, and pay costs related to the issuance of the bonds. The City anticipates that it will pledge the incremental payments in lieu of taxes and, subject to annual appropriation, Economic Activity Taxes generated by the private development within the Towne Center TIF District. The bonds do not constitute a general obligation of the City of Harrisonville, Missouri. Interest is paid semiannually on May 1 and November 1. Principal is due each year on November 1 through the maturity date of November 1, 2028. The interest rate on this issue ranges from 4.25% to 5.00%.

Aggregate annual principal and interest payments applicable to the TIF Bonds are further disclosed in Note 6.

Harrisonville Market Place Tax Increment Financing Plan (TIF)

On April 16, 2007, the City of Harrisonville, Missouri, and Simmons Investments, Inc., the developer, implemented the Redevelopment Agreement (Plan). The Plan is authorized by Missouri Revised Statutes and the City's Economic Development Act and provides for the construction of one redevelopment project in Harrisonville, Missouri, which anticipates the construction of approximately 243,895 gross square feet of improvements, the majority of which, to be used for the operation of businesses conducting retail sales, in the portion of the Redevelopment Area designated as "Redevelopment Project Area", together with the installation, repair, construction, reconstruction, and relocation of certain streets and utilities. The Plan relies on the abatement of fifty percent (50%) of the total additional revenue from taxes that are imposed by the City or other Taxing Districts, which are generated by the economic activities within the Redevelopment Area, while tax increment financing remains in effect, excluding licenses, fees, or special assessments, other than payments in lieu of taxes, until the designation is terminated (Economic Activity Taxes). In addition, the Plan relies on revenues from real property in the Redevelopment Area, which revenues are to be used to retire TIF obligations and pay other reimbursable project costs, which Taxing Districts would have received had the City not adopted tax increment allocation financing, and which would result from levies made after the time of the adoption of the tax increment allocation financing during the time the current equalized value of real property in the Redevelopment Area exceeds the Total Initial Equalized Value of real property in such area until the designation is terminated, which shall not be later than 23 years after the project to be development is approved by an Ordinance of the Board of Aldermen (Payment in Lieu of Taxes).

NOTE 15. TAX ABATEMENTS (Continued)

Harrisonville Market Place Tax Increment Financing Plan (TIF) (Continued)

By Ordinance No. 3073, adopted by the Board of Aldermen on February 2, 2009, the City approved the amendment to the Redevelopment Plan and authorized the City to enter into the First Amended and Restated Redevelopment Agreement with Harrisonville MP, LLC, for the implementation of the Redevelopment Project.

On December 18, 2009, the City issued $9,000,000 in Tax Increment Revenue Notes for the purpose of providing funds to pay for certain reimbursable costs associated with the Cooperation, Financing, and Pledge Agreement (CFP Agreement) dated December 18, 2009, between the City; Harrisonville MP, LLC; The Harrisonville Market Place Transportation Development District A (TDD A); and the Harrisonville Market Place Transportation Development District B (TDD B).

The City has pledged the incremental payments in lieu of taxes and Economic Activity Taxes generated by the private development within the Market Place TIF District. Additional revenues generated by the TDD A and TDD B districts are also pledged to the repayment of the Note. The Note does not constitute a general obligation of the City.

From the date of the Note, the applicable interest rate on the unpaid principal balance of this Note was 6% per annum. During 2011, the interest rate on this Note was adjusted to 4.75% and as of April 1, 2014, it again changed to 6.5% with payments due annually. The restructured Note does not call for regular principal payments, and no balloon payment is disclosed on the Note. The City is required to submit collections of revenues for the district to a separate account, which is used to pay the required annual payment.

Aggregate annual principal and interest payments applicable to the TIF Bonds are further disclosed in Note 6.

For the ended December 31, 2016, the City abated taxes as follows:

Tax Abatement Program	Amount Abated
Towne Center TIF	
Economic activity taxes	366,031
Payment in lieu of taxes	144,052
Market Place TIF	
Economic activity taxes	442,480
Payment in lieu of taxes	178,749

NOTE 16. COMPLIANCE WITH MISSOURI STATUTES

Missouri House Bill No. 103 amending RSMo Section 3.02.341.2 became effective on August 28, 2013. The amendments to the statute now require municipalities to report an accounting of the percent of "annual general operating revenue" from fines and costs for traffic violations as follows:

Fines and costs for traffic violations	126,550
Annual general operating revenue	7,690,370
Fines and costs for traffic violations as a percentage of annual general operating revenue	1.6%

NOTE 17. COMMITMENTS

On March 15, 2015, the City entered into an agreement with The Highways 71/291 Partners in Progress Transportation Development District (a fiduciary fund), to coordinate efforts for the design, construction, and operation of District projects. The agreement established a funding plan in which the City will provide funding to the District in the amount of $1,500,000 through the anticipated year of 2017.

On October 3, 2016, the City approved a contract for improvements to the water treatment plant for approximately $8,200,000. A majority of the funding for these improvements will come from federal grants and loans.

NOTE 18. LITIGATION AND CONTINGENCIES

As of April 27, 2017, the City had unsettled claims which are at various stages, and at this time, outcomes cannot be predicted. The City is vigorously defending each unsettled claim.

In addition, the Missouri State Auditor's office is conducting certain procedures related to the City regarding internal controls and compliance with applicable laws and regulations of the City. As of April 27, 2017, a final report has not been made available from either agency. There is no clear estimate for the costs involved to the City as a result of the procedures conducted.

NOTE 19. SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through April 27, 2017, the date the financial statements were available to be issued.

(This page has been left blank intentionally)

REQUIRED SUPPLEMENTARY INFORMATION

(This page has been left blank intentionally)

CITY OF HARRISONVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016

	General Fund			
	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	4,967,509	5,035,634	5,455,213	419,579
Licenses, fees, and permits	115,200	115,200	189,068	73,868
Charges for services	1,719,170	1,699,170	1,775,909	76,739
Grants	234,760	160,000	491,142	331,142
Fines and forfeitures	290,000	290,000	222,035	(67,965)
Interest	30,000	30,000	54,969	24,969
Proceeds from the sale of assets	15,100	15,100	21,925	6,825
Reimbursements		74,760	97,540	22,780
Miscellaneous	114,050	121,650	73,382	(48,268)
TOTAL REVENUES	7,485,789	7,541,514	8,381,183	839,669
EXPENDITURES				
General Government				
Mayor and Board	258,670	313,998	191,751	122,247
Finance	1,041,964	1,145,702	958,801	186,901
Administration	551,167	592,705	494,471	98,234
Property management	157,055	161,065	118,488	42,577
Total General Government	2,008,856	2,213,470	1,763,511	449,959
Administration of Justice				
Administration and dispatch	527,305	586,330	521,085	65,245
Patrol	2,392,352	2,454,801	1,921,230	533,571
Total Administration of Justice	2,919,657	3,041,131	2,442,315	598,816
Street	880,821	893,368	832,933	60,435
Economic Development	513,996	604,769	455,866	148,903
Airport	252,726	254,190	246,812	7,378
Capital outlay	425,167	1,113,966	950,944	163,022
TOTAL EXPENDITURES	7,001,223	8,120,894	6,692,381	1,428,513

CITY OF HARRISONVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016

	General Fund			
	Budget			Variance Positive
	Original	Final	Actual	(Negative)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	484,566	(579,380)	1,688,802	2,268,182
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,127,900)	(1,127,900)	(1,058,400)	69,500
NET CHANGE IN FUND BALANCES	(643,334)	(1,707,280)	630,402	2,337,682
FUND BALANCE, beginning of year - budget basis			5,005,319	
FUND BALANCE, end of year - budget basis			5,635,721	
Accrual adjustments			509,127	
FUND BALANCE, end of year - fund basis			6,144,848	

CITY OF HARRISONVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2016

	Sales Tax Fund				Community Center Fund				Emergency Services Fund			
	Budget			Variance Positive	Budget			Variance Positive	Budget			Variance Positive
	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
REVENUES												
Taxes	975,000	975,000	1,007,862	32,862					473,500	473,500	518,021	44,521
Charges for services					969,640	938,490	886,805	(51,685)	1,372,380	1,372,380	1,383,370	10,990
Interest	1,000	1,000	792	(208)	1,500	1,500	25	(1,475)				
Miscellaneous					11,715	11,715	6,253	(5,462)	48,450	48,450	19,894	(28,556)
TOTAL REVENUES	976,000	976,000	1,008,654	32,654	982,855	951,705	893,083	(58,622)	1,894,330	1,894,330	1,921,285	26,955
EXPENDITURES												
Community Center					1,183,019	1,152,419	1,136,217	16,202				
Emergency Services									2,365,496	2,395,001	2,304,756	90,245
Capital outlay									212,025	185,365	177,340	8,025
TOTAL EXPENDITURES					1,183,019	1,152,419	1,136,217	16,202	2,577,521	2,580,366	2,482,096	98,270
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	976,000	976,000	1,008,654	32,654	(200,164)	(200,714)	(243,134)	(42,420)	(683,191)	(686,036)	(560,811)	125,225
OTHER FINANCING SOURCES (USES)												
Transfers in					137,735	137,735	137,735		684,500	684,500	684,500	
Transfers out	(976,000)	(976,000)	(975,998)	2								
Total other financing sources (uses)	(976,000)	(976,000)	(975,998)	2	137,735	137,735	137,735		684,500	684,500	684,500	
NET CHANGE IN FUND BALANCES			32,656	32,656	(62,429)	(62,979)	(105,399)	(42,420)	1,309	(1,536)	123,689	125,225
FUND BALANCE (DEFICIT), beginning of year - budget basis			18,579				101,269				(585,983)	
FUND BALANCE (DEFICIT), end of year - budget basis			51,235				(4,130)				(462,294)	
Accrual adjustments			95,616				(47,285)				675,397	
FUND BALANCE (DEFICIT), end of year - fund basis			146,851				(51,415)				213,103	

CITY OF HARRISONVILLE, MISSOURI
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 1. BUDGETARY INFORMATION

An annual budget prepared under the cash basis of accounting is adopted in December prior to the beginning of each fiscal year for all revenues and expenditures of the General Fund of the City. The primary basis of budgetary control is at the department level. Departments may not legally exceed their total appropriation without the Board of Aldermen approval. A review of the current year's budget is made by the departments in December of each year and interdepartmental transfers are made with Board of Aldermen approval. Any remaining unencumbered appropriations lapse at fiscal year-end unless reappropriated by the Board of Aldermen. Any increase in appropriations during the fiscal year must be approved by the Board of Aldermen.

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

Fiscal Year Ending	Actuarially Determined Contribution (a)	Contribution in Relation (b)	Contribution Deficiency (Excess) (a-b)	Covered Employee Payroll (d)	Contributions as a Percentage of Covered Employee Payroll (b/d)
6/30/07	459,484	441,384	18,100	4,581,311	9.63%
6/30/08	458,455	452,094	6,361	4,700,856	9.62%
6/30/09	519,204	517,246	1,958	5,032,095	10.28%
6/30/10	727,308	595,284	132,024	5,186,404	11.48%
6/30/11	757,093	673,908	83,185	5,373,244	12.54%
6/30/12	775,215	691,373	83,842	5,236,634	13.20%
6/30/13	738,479	721,852	16,627	5,327,580	13.55%
6/30/14	737,736	737,736		5,581,355	13.22%
6/30/15	622,293	622,293		5,469,323	11.38%
6/30/16	572,275	560,285	11,990	5,416,108	10.34%

*Option to provide RSI for ten years at transition or to provide RSI prospectively.

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
YEAR ENDED DECEMBER 31, 2016

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) Associated with Employer (b)	Total Proportionate Share of Net Pension Liability (a+b) (1)	Employer's Covered Employee Payroll (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Employee Payroll (1/2)	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)
June 30, 2015	(0.402004)%	(2,476,794)		(2,476,794)	5,469,323	(0.4529) %	(471.83)%
June 30, 2016	(0.402398)%	(333,084)		(333,084)	5,416,108	(0.0615) %	(7,613.83)%

* Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2016, the Measurement Date.

OTHER SUPPLEMENTARY INFORMATION

(This page has been left blank intentionally)

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2016

	Park Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
ASSETS			
Cash	38,923		38,923
Taxes receivable	46,910		46,910
Prepaid insurance	9,223		9,223
Restricted cash	56,442	320,998	377,440
TOTAL ASSETS	151,498	320,998	472,496
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Unearned revenue	14,552		14,552
Accounts payable	15,949		15,949
Total liabilities	30,501		30,501
FUND BALANCES			
Nonspendable	9,223		9,223
Restricted	56,442	320,998	377,440
Assigned	55,332		55,332
Total fund balances	120,997	320,998	441,995
TOTAL LIABILITIES AND FUND BALANCES	151,498	320,998	472,496

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2016

	Park Fund	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES			
Taxes			
Property	159,371		159,371
Other	16,878		16,878
Charges for services	83,414		83,414
Interest	93	594	687
Miscellaneous	17,501	4,637	22,138
Total revenues	277,257	5,231	282,488
EXPENDITURES			
Park	474,849		474,849
Capital outlay	22,447		22,447
Debt service			
Principal		700,000	700,000
Interest		138,888	138,888
Total expenditures	497,296	838,888	1,336,184
REVENUES UNDER EXPENDITURES BEFORE OTHER FINANCING SOURCES	(220,039)	(833,657)	(1,053,696)
OTHER FINANCING SOURCES			
Transfers in	243,400	838,263	1,081,663
NET CHANGE IN FUND BALANCES	23,361	4,606	27,967
FUND BALANCES, January 1, 2016	97,636	316,392	414,028
FUND BALANCES, December 31, 2016	120,997	320,998	441,995

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Aquatic Center Fund	Refuse Fund	Total
ASSETS			
Current Assets			
Cash		31,558	31,558
Accounts receivable		68,395	68,395
Prepaid insurance	2,441		2,441
Total current assets	2,441	99,953	102,394
Noncurrent Assets			
Restricted cash	152,989		152,989
Capital assets, net of accumulated depreciation	599,212		599,212
Total noncurrent assets	752,201		752,201
TOTAL ASSETS	754,642	99,953	854,595
LIABILITIES			
Current Liabilities			
Due to other funds	102,980		102,980
Accounts payable	2,109		2,109
TOTAL LIABILITIES	105,089		105,089
NET POSITION			
Net investment in capital assets	599,212		599,212
Restricted for:			
Capital improvements	152,989		152,989
Unrestricted (deficit)	(102,648)	99,953	(2,695)
TOTAL NET POSITION	649,553	99,953	749,506

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2016

	Aquatic Center Fund	Refuse Fund	Total
REVENUES			
Charges for services	147,697	504,735	652,432
EXPENSES			
Administration	174,869	505,064	679,933
Depreciation	87,660		87,660
Total expenses	262,529	505,064	767,593
LOSS FROM OPERATIONS	(114,832)	(329)	(115,161)
NONOPERATING REVENUES			
Interest income	458	69	527
CHANGE IN NET POSITION	(114,374)	(260)	(114,634)
TOTAL NET POSITION, beginning of year	763,927	100,213	864,140
TOTAL NET POSITION, end of year	649,553	99,953	749,506

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

	Aquatic Center Fund	Refuse Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	147,697	501,722	649,419
Cash payments to suppliers	(101,537)	(505,064)	(606,601)
Cash payments to employees	(73,061)		(73,061)
Net cash used in operating activities	(26,901)	(3,342)	(30,243)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Due from other funds	28,025		28,025
Net cash provided by noncapital financing activities	28,025		28,025
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(1,197)		(1,197)
Net cash used in capital and related financing activities	(1,197)		(1,197)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	458	69	527
Net investment activity	151,717		151,717
Net cash provided by investing activities	152,175	69	152,244
NET INCREASE (DECREASE) IN CASH	152,102	(3,273)	148,829
CASH, January 1, 2016	887	34,831	35,718
CASH, December 31, 2016	152,989	31,558	184,547

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

	Aquatic Center Fund	Refuse Fund	Total
ALLOCATION OF CASH			
Unrestricted		31,558	31,558
Restricted	152,989		152,989
	152,989	31,558	184,547
Reconciliation of Loss From Operations to Net Cash Used in Operating Activities			
Loss from operations	(114,832)	(329)	(115,161)
Adjustments to reconcile loss from operations to net cash used in operating activities:			
Depreciation and amortization	87,660		87,660
(Increase) Decrease in:			
Accounts receivable		(3,013)	(3,013)
Prepaid expenses	(114)		(114)
Increase (Decrease) in:			
Accounts payable	385		385
Total adjustments	87,931	(3,013)	84,918
Net cash used in operating activities	(26,901)	(3,342)	(30,243)

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2016

	Park Fund			
	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	172,400	172,400	229,867	57,467
Charges for services	69,950	72,775	81,946	9,171
Interest	200	200	93	(107)
Miscellaneous	16,515	13,750	17,501	3,751
Total revenues	259,065	259,125	329,407	70,282
EXPENDITURES				
Park	479,123	480,140	472,676	7,464
Capital outlay	73,400	72,840	22,447	50,393
Total expenditures	552,523	552,980	495,123	57,857
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(293,458)	(293,855)	(165,716)	128,139
OTHER FINANCING SOURCES				
Transfers in	243,400	243,400	243,400	
NET CHANGE IN FUND BALANCES	(50,058)	(50,455)	77,684	128,139
FUND BALANCE, beginning of year - budget basis			17,681	
FUND BALANCE, end of year - budget basis			95,365	
Accrual adjustments			25,632	
FUND BALANCE, end of year - fund basis			120,997	

CITY OF HARRISONVILLE, MISSOURI
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2016

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES				
Interest	3,000	3,000	594	(2,406)
Miscellaneous			4,637	4,637
Total revenues	3,000	3,000	5,231	2,231
EXPENDITURES				
Debt Service				
Principal	700,000	700,000	700,000	
Interest	141,015	141,015	138,888	2,127
Total expenditures	841,015	841,015	838,888	2,127
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(838,015)	(838,015)	(833,657)	104
OTHER FINANCING SOURCES				
Transfers in	838,265	838,265	838,263	(2)
NET CHANGE IN FUND BALANCES	250	250	4,606	102
FUND BALANCE, beginning of year			316,392	
FUND BALANCE, end of year - fund basis			320,998	

CITY OF HARRISONVILLE, MISSOURI
ALL PROPRIETARY FUNDS
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2016

	Electric Fund				Water/Sewer Fund				Aquatic Center Fund			
	Budget			Actual Over (Under)	Budget			Actual Over (Under)	Budget			Actual Over (Under)
	Original	Final	Actual	Budget	Original	Final	Actual	Budget	Original	Final	Actual	Budget
REVENUES												
Charges for services	12,658,080	12,658,080	11,259,249	(1,398,831)	4,914,450	4,889,450	4,822,901	(66,549)	134,670	147,705	147,697	(8)
EXPENSES												
Production					1,629,386	1,697,331	1,524,109	173,222				
Distribution	9,200,000	9,200,000	8,147,705	1,052,295	642,105	762,577	620,996	141,581				
Administration	2,695,900	2,699,080	2,672,795	26,285	927,034	944,034	905,614	38,420	158,860	176,285	174,598	1,687
Capital outlay	753,200	921,216	197,588	723,628	8,090,000	10,013,276	1,259,898	8,753,378	1,300		1,197	(1,197)
Total expenses	12,649,100	12,820,296	11,018,088	1,802,208	11,288,525	13,417,218	4,310,617	9,106,601	160,160	176,285	175,795	490
INCOME (LOSS) FROM OPERATIONS	8,980	(162,216)	241,161	403,377	(6,374,075)	(8,527,768)	512,284	9,040,052	(25,490)	(28,580)	(28,098)	482
OTHER INCOME (EXPENSE)												
Transfers out												
Interest income	44,000	44,000	37,758	(6,242)	60,000	60,000	208,044	148,044	1,100	1,100	457	(643)
Other income	73,200	73,200	9,550	(63,650)	8,637,880	8,637,880	50,933	(8,586,947)				
Payments of long-term debt	(200,000)	(200,000)	(200,000)		(695,000)	(695,000)	(693,976)	1,024				
Interest expense	(49,227)	(49,227)	(48,086)	1,141	(520,000)	(520,000)	(290,516)	229,484				
Total other income (expense)	(132,027)	(132,027)	(200,778)	(68,751)	7,482,880	7,482,880	(725,515)	(8,208,395)	1,100	1,100	457	(643)
REVENUES OVER (UNDER) EXPENSES	(123,047)	(294,243)	40,383	334,626	1,108,805	(1,044,888)	(213,231)	831,657	(24,390)	(27,480)	(27,641)	(161)
NET POSITION, January 1, 2016, budget basis			3,195,622				5,694,349				77,650	
NET POSITION, December 31, 2016, budget basis			3,236,005				5,481,118				50,009	
Accrual adjustments			6,676,854				21,853,686				599,544	
NET POSITION, December 31, 2016, fund basis			9,912,859				27,334,804				649,553	

CITY OF HARRISONVILLE, MISSOURI
ALL PROPRIETARY FUNDS
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2016

	Refuse Fund				Total			
	Budget			Actual Over (Under)	Budget			Actual Over (Under)
	Original	Final	Actual	Budget	Original	Final	Actual	Budget
REVENUES								
Charges for services	507,960	503,630	501,722	(1,908)	18,215,160	18,198,865	16,731,569	(1,467,296)
EXPENSES								
Production					1,629,386	1,697,331	1,524,109	173,222
Distribution					9,842,105	9,962,577	8,768,701	1,193,876
Administration	501,925	503,730	505,064	(1,334)	4,283,719	4,323,129	4,258,071	65,058
Capital outlay					8,844,500	10,934,492	1,458,683	9,475,809
Total expenses	501,925	503,730	505,064	(1,334)	24,599,710	26,917,529	16,009,564	10,907,965
INCOME (LOSS) FROM OPERATIONS	6,035	(100)	(3,342)	(3,242)	(6,384,550)	(8,718,664)	722,005	9,440,669
OTHER INCOME (EXPENSE)								
Transfers in								
Interest income	100	100	69	(31)	105,200	105,200	246,328	141,128
Other income					8,711,080	8,711,080	60,483	(8,650,597)
Payments of long-term debt					(895,000)	(895,000)	(893,976)	1,024
Interest expense					(569,227)	(569,227)	(338,602)	230,625
Total other income (expense)	100	100	69	(31)	7,352,053	7,352,053	(925,767)	(8,277,820)
REVENUES OVER (UNDER) EXPENSES	6,135		(3,273)	(3,273)	967,503	(1,366,611)	(203,762)	1,162,849
NET POSITION, January 1, 2016, budget basis			34,831				9,002,452	
NET POSITION, December 31, 2016, budget basis			31,558				8,798,690	
Accrual adjustments			68,395				29,198,479	
NET POSITION, December 31, 2016, fund basis			99,953				37,997,169	

STATISTICAL SECTION
(Unaudited)

This part of the City of Harrisonville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	81 - 86
Revenue Capacity These schedules contain information to help the reader assess the City's two most significant local revenue sources: sales tax and property tax.	87 - 92
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	93 - 95
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	96 - 98
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	99 - 100

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 54 in 2011; schedules that include governmental fund balance classifications for years prior to 2011 are presented in pre-GASB 54 format.

Information presented in this section is required by GASB 44 to include current year plus nine years of previous data. In some cases, the City has not presented nine years of previous data as it is not readily available or has not been tracked by the City in the past.

(This page has been left blank intentionally)

CITY OF HARRISONVILLE, MISSOURI
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	10,352,096	10,653,678	11,264,304	12,728,792	13,911,126	14,660,071	16,629,597	17,372,336	17,620,666	18,094,342
Restricted	2,914,819	2,959,767	2,180,313	2,184,248	2,662,683	1,186,071	1,007,888	1,062,950	1,000,182	1,242,788
Unrestricted (deficit)	1,268,017	1,823,309	1,557,045	859,829	(818,266)	344,053	(1,427,705)	(1,829,279)	2,337,987	2,422,395
Total governmental activities net position	14,534,932	15,436,754	15,001,662	15,772,869	15,755,543	16,190,195	16,209,780	16,606,007	16,606,007	21,759,525
Business-type activities										
Net investment in capital assets	15,296,549	15,656,284	17,241,269	21,441,550	22,603,002	22,757,615	24,103,550	25,037,013	25,377,303	27,020,727
Restricted	1,947,727	2,131,131	2,044,493	2,054,861	2,557,484	2,194,593	2,170,113	1,957,857	1,745,814	2,424,296
Unrestricted	4,757,742	5,467,973	5,513,489	4,316,580	5,600,624	7,506,505	7,455,912	7,691,175	9,818,049	8,552,146
Total business-type activities net position	22,002,018	23,255,388	24,799,251	27,812,991	30,761,110	32,458,713	33,729,575	34,686,045	36,941,166	37,997,169
Primary government										
Net investment in capital assets	25,648,645	26,309,962	28,505,573	34,170,342	36,514,128	37,417,686	40,733,147	42,409,349	42,409,349	45,115,069
Restricted	4,862,546	5,090,898	4,224,806	4,239,109	5,220,167	3,380,664	3,178,001	3,020,807	3,020,807	3,667,084
Unrestricted	6,025,759	7,291,282	7,070,534	5,176,409	4,782,358	7,850,558	6,028,207	5,861,896	5,861,896	10,974,541
Total primary government net position	36,536,950	38,692,142	39,800,913	43,585,860	46,516,653	48,648,908	49,939,355	51,292,052	51,292,052	59,756,694

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES										
Governmental activities										
General Government	1,710,746	1,774,334	1,794,612	1,787,553	1,974,816	1,795,064	1,905,925	2,002,426	1,583,748	1,722,897
Administration of Justice	2,461,933	2,816,808	2,592,948	2,643,954	2,663,787	2,688,722	2,662,905	2,902,002	2,645,741	2,877,989
Fire and Emergency	575,410	588,701	367,525							
Street	1,104,687	1,157,618	1,258,830	1,398,582	1,217,982	871,419	997,572	1,134,034	1,001,075	1,157,722
Economic Development	177,994	201,947	155,637	179,210	191,704	225,041	293,097	312,060	431,396	497,326
Animal Control	151,092	156,545	143,313	143,878	162,758	167,154	176,656	179,525	192,396	192,369
Airport	325,579	391,387	347,264	331,203	321,968	319,622	359,292	300,459	308,994	339,387
Ambulance	950,069	945,798	2,017,191	2,237,316	2,489,922	2,472,147	2,273,547	2,346,331	2,310,217	2,497,603
Park	452,080	466,886	470,549	530,106	529,697	590,728	578,777	611,935	550,704	606,756
Community Center	1,289,607	1,277,944	1,413,738	1,367,488	1,450,404	1,506,078	1,650,035	1,617,794	1,458,666	1,488,614
Towne Center Project	1,074,469	5,678	15,923	18,726	10,187	12,766	13,046	8,126	7,654	7,075
CDBG pass-through expenses					753,740	6,500				
Interest on long-term debt	1,169,186	919,217	902,258	873,168	860,401	772,777	615,807	581,180	559,742	526,562
Total governmental activities expenses	11,442,852	10,702,863	11,479,788	11,511,184	12,627,366	11,428,018	11,526,659	11,995,872	11,050,333	11,914,300
Business-type activities										
Electric	11,320,839	11,171,665	10,820,766	11,029,794	10,637,961	11,247,956	11,427,822	11,861,775	10,969,788	11,249,953
Water and Sewer	3,908,279	4,245,705	4,031,290	4,214,590	3,652,972	3,703,248	3,693,731	4,102,397	3,953,599	4,079,377
Aquatic Center	204,045	233,572	252,734	229,978	289,610	276,719	260,514	255,901	247,561	262,529
Refuse	388,345	367,444	416,592	452,778	466,719	473,660	468,685	483,766	494,997	505,064
Total business-type activities expenses	15,821,508	16,018,386	15,521,382	15,927,140	15,047,262	15,701,583	15,850,752	16,703,839	15,665,945	16,096,923
Total primary government expenses	27,264,360	26,721,249	27,001,170	27,438,324	27,674,628	27,129,601	27,377,411	28,699,711	26,716,278	28,011,223
PROGRAM REVENUES										
Governmental activities										
Charges for services										
General Government	1,922,835	2,269,442	1,943,791	2,024,687	1,985,007	1,936,801	1,915,453	1,874,146	1,859,509	1,964,977
Administration of Justice	253,109	248,580	235,958	226,217	239,292	251,138	293,448	282,196	227,768	222,035
Ambulance	874,553	981,217	1,104,773	1,362,127	1,423,372	1,399,295	1,280,799	1,210,496	1,332,256	1,351,037
Park	28,503	25,313	23,276	22,609	24,015	28,807	60,448	60,478	68,955	83,414
Community Center	807,219	750,617	784,011	870,262	850,019	926,252	953,512	949,769	880,798	852,482
Operating grants and contributions	632,643	184,774	36,610	218,541	939,601	144,163	187,359	258,367	293,635	132,527
Capital grants and contributions				320,525	508,546					352,785
Total governmental activities program revenues	4,518,862	4,459,943	4,128,419	5,044,968	5,969,852	4,686,456	4,691,019	4,635,452	4,662,921	4,959,257
Business-type activities										
Charges for services										
Electric	12,185,598	11,712,338	11,355,377	11,529,975	11,200,157	11,688,342	12,020,203	12,272,400	11,451,836	11,328,726
Water and Sewer	4,503,439	4,651,353	4,866,050	4,588,165	4,458,249	4,581,605	4,313,059	4,351,387	4,747,235	4,864,960

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
PROGRAM REVENUES (Continued)										
Business-type activities (Continued)										
Charges for services (Continued)										
Aquatic Center	135,088	133,344	125,189	125,450	166,394	137,666	109,665	111,505	131,291	147,697
Refuse	398,383	399,814	424,579	451,427	469,763	462,386	465,954	490,664	500,253	504,735
Operating grants and contributions								10,000		
Capital grants and contributions				2,017,313	982,687	280,500			91,811	
Total business-type activities program revenues	16,897,162	16,754,585	16,667,908	18,252,596	17,888,791	17,150,499	16,908,881	17,235,956	16,922,426	16,846,118
Total primary government program revenues	21,357,105	20,883,004	21,712,876	24,222,448	22,575,247	21,836,955	21,599,900	21,871,408	21,585,347	21,805,375
NET (EXPENSE) REVENUE										
Governmental activities	(6,242,920)	(6,242,920)	(7,351,369)	(6,657,514)	(6,741,562)	(6,741,562)	(6,835,640)	(7,360,420)	(6,387,412)	(6,955,043)
Business-type activities	878,776	878,463	1,249,813	3,205,334	2,187,208	1,448,916	1,058,129	532,117	1,256,481	749,195
Total primary government net expense	(5,364,144)	(5,364,457)	(6,101,556)	(3,452,180)	(4,554,354)	(5,292,646)	(5,777,511)	(6,828,303)	(5,130,931)	(6,205,848)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities										
Taxes										
Property taxes	867,421	906,279	864,193	896,169	816,771	915,825	965,993	957,930	971,143	967,740
Sales taxes	3,523,837	3,605,629	3,388,455	3,978,397	4,186,070	4,239,538	4,231,748	4,532,729	4,530,932	4,695,188
Franchise taxes	1,485,734	1,969,979	1,657,903	1,762,577	1,622,045	1,572,099	1,590,453	1,601,918	1,904,019	1,450,532
Other taxes	161,988	152,724	215,065	211,217	152,046	157,339	352,997	338,935	345,644	347,882
Unrestricted investment earnings	649,256	313,661	118,459	37,719	33,593	29,815	36,838	40,726	41,110	56,623
Miscellaneous	260,722	196,470	458,050	351,344	320,148	294,193	169,275	307,504	271,252	237,768
Transfers					(490,485)	(32,595)	(33,265)	(23,095)		
Total governmental activities	6,948,958	7,144,742	6,702,125	7,237,423	6,640,188	7,176,214	7,314,039	7,756,647	8,064,100	7,755,733
Business-type activities										
Unrestricted investment earnings	456,808	374,907	294,050	228,550	227,646	216,092	149,424	246,333	239,868	246,329
Miscellaneous							130,771	154,925	153,871	60,480
Transfers					490,485	32,595	33,265	23,095	(200,000)	
Total business-type activities	456,808	374,907	294,050	228,550	718,131	248,687	313,460	424,353	193,739	306,809
Total primary government	7,405,766	7,519,649	6,996,175	7,465,973	7,358,319	7,424,901	7,627,499	8,181,000	8,257,839	8,062,542
CHANGE IN NET POSITION										
Governmental activities	706,038	901,822	(649,244)	579,909	(101,374)	434,652	478,399	396,227	1,676,688	800,690
Business-type activities	1,335,584	1,253,370	1,543,863	3,433,884	2,905,339	1,697,603	1,371,589	956,470	1,450,220	1,056,004
Total primary government	2,041,622	2,155,192	894,619	4,013,793	2,803,965	2,132,255	1,849,988	1,352,697	3,126,908	1,856,694

CITY OF HARRISONVILLE, MISSOURI
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GENERAL FUND										
Nonspendable					137,711	148,835	170,485	184,885	211,284	222,988
Restricted					113,630	114,065	114,159	114,855	115,021	111,610
Unassigned					5,930,458	6,304,295	5,384,287	4,784,005	5,336,961	5,810,251
Reserved	120,742	134,148	122,118	101,466						
Unreserved	7,585,851	8,203,393	8,179,575	7,202,484						
Total General Fund	7,706,593	8,337,541	8,301,693	7,303,950	6,181,799	6,567,195	5,668,931	5,083,745	5,663,266	6,144,849
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable					112,270	101,248	114,063	113,131	129,281	135,774
Restricted					2,549,053	1,073,822	851,553	944,488	1,313,363	1,280,789
Assigned					1,064,581	907,262	772,069	659,243	243,727	308,293
Unassigned (deficit)					(183,323)	(318,367)	(470,882)	(410,099)		(70,973)
Reserved	1,150,442	1,020,234	1,081,070	1,107,459						
Unreserved, reported in:										
Special revenue funds	3,380,010	3,532,205	2,350,584	2,523,616						
Total all other governmental funds	4,530,452	4,552,439	3,431,654	3,631,075	3,542,581	1,763,965	1,266,803	1,306,763	1,686,371	1,653,883

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - MODIFIED ACCRUAL
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Taxes										
Property	848,607	911,262	874,222	923,255	891,842	915,825	965,993	957,930	971,143	967,740
Sales	3,523,837	3,605,629	3,388,455	3,978,397	4,186,070	4,239,538	4,231,748	4,532,729	4,530,932	4,695,188
Franchise	1,485,734	1,969,979	1,657,903	1,762,577	1,622,045	1,572,099	1,590,453	1,601,918	1,904,019	1,450,532
Other	156,076	152,724	215,065	211,217	152,046	157,339	352,997	338,935	345,644	347,882
Licenses, fees, and permits	225,187	411,668	140,049	193,055	162,417	161,692	129,094	124,911	148,648	189,068
Fines and forfeitures	253,109	248,580	235,958	226,217	239,292	251,138	293,448	282,196	227,768	222,035
Charges for services	3,407,923	3,614,921	3,715,802	4,086,630	4,119,996	4,129,463	4,081,118	3,969,978	3,992,870	4,062,842
Grants	632,643	184,774	36,610	539,066	1,362,928	229,382	187,359	258,367	293,635	485,312
Investment earnings	649,256	313,661	118,459	37,719	33,593	29,815	36,838	40,726	41,110	56,623
Miscellaneous	260,722	196,470	458,050	351,583	336,855	294,193	169,275	307,504	271,252	241,132
Total revenues	11,443,094	11,609,668	10,840,573	12,309,716	13,107,084	11,980,484	12,038,323	12,415,194	12,727,021	12,718,354
EXPENDITURES										
General Government	1,615,486	1,675,957	1,705,939	1,686,829	1,875,373	1,667,057	1,787,238	1,857,424	1,578,196	1,593,951
Administration of Justice	2,374,198	2,720,316	2,481,177	2,529,476	2,554,360	2,581,042	2,571,510	2,824,957	2,545,685	2,568,837
Fire and Emergency	494,272	514,913	305,195							
Street	860,268	888,273	986,420	1,139,023	962,085	635,787	770,736	900,050	759,010	837,799
Economic Development	161,770	186,738	140,428	164,220	176,936	210,273	275,794	296,174	431,365	455,440
Animal Control	145,331	149,789	136,557	137,122	156,002	160,398	171,273	177,458	194,045	178,943
Airport	222,207	275,850	232,654	219,903	180,079	171,867	210,681	162,129	177,497	196,537
Ambulance	865,527	859,740	1,914,395	2,087,034	2,324,734	2,389,722	2,163,113	2,229,575	2,224,086	2,307,984
Park	378,458	396,746	395,146	462,220	462,593	488,375	463,459	505,454	463,685	474,849
Community Center	994,485	979,138	1,112,725	1,066,878	1,151,513	1,197,703	1,322,084	1,284,251	1,122,009	1,123,877
Towne Center Project	1,248,099	5,678	15,923	18,726	10,187	12,766	13,046	8,126	7,654	7,075
CDBG pass-through expenses					753,740	6,500				
Capital outlay	1,254,285	849,141	1,142,304	1,938,203	1,837,010	1,020,483	2,152,920	1,163,730	733,847	950,944
Debt service										
Principal	7,410,000	575,000	780,000	825,000	733,926	815,940	942,088	1,006,082	1,030,336	1,105,726
Interest and fiscal fees	1,165,574	879,454	862,495	833,404	820,637	699,696	556,542	521,915	500,477	467,297
Total expenditures	19,189,960	10,956,733	12,211,358	13,108,038	13,999,175	12,057,609	13,400,484	12,937,325	11,767,892	12,269,259
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,746,866)	652,935	(1,370,785)	(798,322)	(892,091)	(77,125)	(1,362,161)	(522,131)	959,129	449,095

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - MODIFIED ACCRUAL
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
OTHER FINANCING SOURCES (USES)										
Proceeds of long-term debt	8,435,895				171,931					
Payments to escrow agent						(1,283,500)				
Transfers in	1,307,535	1,343,412	1,425,335	3,779,288	2,680,436	2,578,093	2,228,146	3,018,833	2,851,276	2,034,398
Transfers out	(1,307,535)	(1,343,412)	(1,425,335)	(3,779,288)	(3,170,921)	(2,610,688)	(2,261,411)	(3,041,928)	(2,851,276)	(2,034,398)
Total other financing sources (uses)	8,435,895				(318,554)	(1,316,095)	(33,265)	(23,095)		
NET CHANGES IN FUND BALANCES	9,088,830	(1,370,785)	(798,322)	(892,091)	(395,679)	(1,393,220)	(1,395,426)	(545,226)	959,129	449,095
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	14.4%	14.8%	14.8%	12.8%	13.7%	13.7%	13.3%	13.0%	13.9%	13.9%

CITY OF HARRISONVILLE, MISSOURI
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended December 31,	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
2007	91,927,554	23,243,342	115,170,896	0.77
2008	93,646,146	21,440,771	115,086,917	0.78
2009	93,250,444	25,538,774	118,789,218	0.66
2010	94,022,248	25,241,452	119,263,700	0.66
2011	94,424,728	23,546,390	117,971,118	0.67
2012	95,845,535	22,091,806	117,937,341	0.68
2013	94,552,735	22,682,321	117,235,056	0.69
2014	94,992,339	25,948,277	120,940,616	0.69
2015	96,409,365	25,097,110	121,506,475	0.69
2016	96,807,843	23,807,868	120,615,711	0.69

Source: Cass County Assessor's Office

Note: A statewide real property reassessment program was implemented January 1, 1985, to create a more equitable sharing of the property tax burden by owners of real property.

Assessed value was determined by applying one of three percentages to the market value. Those percentages are 32 for commercial, 19 for residential, and 12 for agriculture.

Tax rates are per $100 of assessed value.

CITY OF HARRISONVILLE, MISSOURI
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year Ended December 31,	City Direct Rates				Overlapping Rates			
	General Fund	Ambulance Fund	Park Fund	Total Direct	State	Other	Total Overlapping Rates	Total Direct and Overlapping
2007	0.5278	0.1195	0.1195	0.7668	0.03	6.04	6.07	6.84
2008	0.5358	0.1213	0.1213	0.7784	0.03	6.19	6.22	7.00
2009	0.5422		0.1227	0.6649	0.03	6.19	6.22	6.88
2010	0.5422		0.1227	0.6649	0.03	6.20	6.23	6.89
2011	0.5501		0.1245	0.6746	0.03	6.20	6.23	6.90
2012	0.5585		0.1264	0.6849	0.03	6.18	6.21	6.90
2013	0.5658		0.1280	0.6938	0.03	6.18	6.21	6.91
2014	0.5672		0.1283	0.6955	0.03	6.18	6.21	6.91
2015	0.5672		0.1283	0.6955	0.03	6.18	6.21	6.91
2016	0.5672		0.1283	0.6955	0.03	6.18	6.21	6.91

Source: Cass County Collector

Note: The City's direct property tax rate may be increased only by a majority vote of the City's residents.

CITY OF HARRISONVILLE, MISSOURI
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2016 Taxable Assessed Value	2016 Rank	2016 Percentages of Total Assessed Valuation	2007 Taxable Assessed Value	2007 Rank	2007 Percentages of Total Assessed Valuation
Church & Dwight	7,172,120	1	5.95	4,824,870	1	4.19
Wal-Mart	3,167,500	2	2.63	3,097,868	2	2.69
HFMD Properties, LLC	2,420,110	3	2.01			
Harrisonville MP II, LLC	2,219,230	4	1.84			
Sutherlands Lumber Co.	1,461,150	5	1.21	820,820	7	0.71
Mill-Walk Mall	1,431,000	6	1.19	1,447,670	3	1.26
Harrisonville Crossings Properties	930,630	7	0.77	986,850	5	0.86
RLP Development Company	656,470	8	0.54			
Steven Flanery	648,300	9	0.54	564,940	10	0.49
Max Properties	647,300	10	0.54			
Eaglepicher Pharmaceutical				1,070,640	4	0.93
AHG, Inc.				880,010	6	0.76
Universal Forest Products				812,605	8	0.71
Crown Properties, LC				575,830	9	0.50
TOTALS	20,753,810		17.70	15,082,103		13.10

Data provided by the Cass County Collector

CITY OF HARRISONVILLE, MISSOURI
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
2007	883,130	728,365	82.48	154,765	883,130	100.00		
2008	895,837	858,631	95.85	37,206	895,837	100.00		
2009	789,830	763,896	96.72	25,934	789,830	100.00		
2010	792,984	721,512	90.99	71,472	792,984	100.00		
2011	795,833	746,929	93.85	47,436	794,365	99.82	1,468	0.18
2012	807,753	732,284	90.66	74,038	806,322	99.82	1,431	0.18
2013	813,377	728,785	89.60	83,468	812,253	99.86	1,124	0.14
2014	841,142	792,712	94.24	46,785	839,497	99.80	1,645	0.20
2015	845,078	826,840	97.84	9,138	835,978	98.92	9,100	1.08
2016	838,882	774,804	92.36		774,804	92.36	64,078	7.64

NOTES: Amounts relating to railroad and utility property taxes are not included above.

Taxes paid under protest are held by the respective County Collector until the protest is resolved. This schedule presents taxes paid under protest at June 30 as delinquent, and subsequent remittances to the City are included as delinquent tax collections.

CITY OF HARRISONVILLE, MISSOURI
DIRECT AND OVERLAPPING
SALES TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	City Rate	Cass County	State	Total
2007	1.500	1.250	4.225	6.975
2008	1.500	1.250	4.225	6.975
2009	1.875	1.250	4.225	7.350
2010	1.875	1.250	4.225	7.350
2011	1.875	1.250	4.225	7.350
2012	1.875	1.750	4.225	7.850
2013	1.875	1.750	4.225	7.850
2014	1.875	1.750	4.225	7.850
2015	1.875	1.750	4.225	7.850
2016	1.875	1.750	4.225	7.850

Source: Missouri Department of Revenue

CITY OF HARRISONVILLE, MISSOURI
TAXABLE RETAIL SALES
LAST TEN CALENDAR YEARS
(in thousands of dollars)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TOTAL RETAIL SALES	199,144	200,585	198,251	192,046	201,671	204,736	203,559	213,512	217,311	223,335

Note: This report does not break out taxable sales by retail category as some detail information is considered confidential by state law.

Source: Missouri Department of Revenue

CITY OF HARRISONVILLE, MISSOURI
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended December 31,	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Participation	Revenue Bonds	Promissory Notes	Capital Lease Payable	Revenue Bonds	Promissory Note			
2007	10,810,000	8,630,000		425,794	11,175,000		31,040,794	0.15	2,985
2008	10,235,000	8,630,000		397,257	10,290,000		29,552,257	0.15	2,842
2009	9,635,000	17,450,000		367,027	9,580,000		37,032,027	0.18	3,561
2010	9,010,000	17,250,000		335,002	9,059,375		35,654,377	0.18	3,428
2011	8,530,000	17,030,000	171,931	301,076	11,718,541	380,000	38,131,548	0.17	3,806
2012	7,295,000	16,785,000	171,931	265,136	11,556,672	380,000	36,453,739	0.16	3,634
2013	6,665,000	16,520,000	162,916	227,063	10,711,700	278,869	34,565,548	0.15	3,443
2014	6,015,000	16,220,000	147,165	186,732	9,885,400	250,060	32,704,357	0.14	3,257
2015	5,350,000	15,920,000	152,066	144,006	9,045,400	220,526	30,831,998	0.13	3,071
2016	4,650,000	15,585,000	126,602	98,744	8,181,700	190,250	28,832,296	0.12	2,872

CITY OF HARRISONVILLE, MISSOURI
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2016

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Assessed valuation	120,615,711		120,615,711
Constitutional debt limit	12,061,571	12,061,571	24,123,142
Less general obligation bonds payable	- 0 -	- 0 -	- 0 -
	12,061,571	12,061,571	24,123,142
Cash and securities available for retirement	- 0 -	- 0 -	- 0 -
	12,061,571	12,061,571	24,123,142

(1) Article VI, Sections 26(b) and (c) of the State Constitution permits the City, by vote of two-thirds of the voting electorate, to incur an indebtedness for City purposes not to exceed 10% of the taxable tangible property therein as shown by the last completed assessment.

(2) Article VI, Sections 26(d) and (e) of the State Constitution provides that the City may become indebted not exceeding the aggregate and additional 10% for the purpose of acquiring rights-of-way, constructing, extending and improving streets and avenues and/or sanitary storm systems, and purchasing or constructing waterworks and electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation.

CITY OF HARRISONVILLE, MISSOURI
COMPUTATION OF DIRECT AND ESTIMATED OVERLAPPING DEBT
DECEMBER 31, 2016

Taxing Jurisdiction	Gross Debt Less Sinking Fund (1)	Approximate Percentage Applicable to Harrisonville (1)	Approximate Amount Applicable to Harrisonville (1)
School Districts, Cass R-IX	29,777,862	65%	19,355,610
Direct debt obligations of the City of Harrisonville (general obligation bonds), net of debt service funds		0%	
Total direct and estimated overlapping debt	29,777,862		19,355,610

(1) On the basis of assessed valuation.

NOTE: Other government entities whose boundaries overlap the City have outstanding bonds payable from ad valorem taxes. This schedule of direct and estimated overlapping ad valorem debt was compiled from information furnished by the jurisdictions responsible for debt. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no representation regarding the reliability of such information is made.

Furthermore, certain entities listed in the statement may have issued additional bonds and such entities may have programs requiring the issuance of substantial additional bonds, the amounts of which cannot be determined at this time.

Lease purchase agreements are not included in this schedule but have been included in the past. This change accounts for the significant difference among this year and previous years' schedules.

CITY OF HARRISONVILLE, MISSOURI
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(2) Unemployment Rate
2007	10,400	205,920,000	19,800	2,500	4.30%
2008	10,400	201,040,000	19,331	2,504	6.10%
2009	10,400	201,040,000	19,331	2,580	10.00%
2010	10,400	201,040,000	19,331	2,580	10.00%
2011	10,019	218,915,150	21,850	2,580	7.90%
2012	10,030	230,630,000	23,063	2,585	6.40%
2013	10,040	235,000,000	23,400	2,590	6.40%
2014	10,040	240,000,000	23,750	2,500	6.40%
2015	10,040	232,000,000	23,103	2,459	5.70%
2016	10,104	232,000,000	21,717	2,425	4.70%

Data Sources:

1 Bureau of Census and City estimates
2 KCADC and City estimates
3 School District

CITY OF HARRISONVILLE, MISSOURI
PRINCIPAL EMPLOYERS
THIS FISCAL YEAR AND EIGHT YEARS AGO

	2016			2008	
Employer	Employees	Rank	% of Total Employment	Employees	Rank
Wal-Mart Distribution Center	630	1	22.52%	775	1
Cass Medical Center	394	2	14.09%	330	4
Cass R-IX Schools	382	3	13.66%	367	3
Wal-Mart	298	4	10.65%	390	2
Cass County Government	276	5	9.87%	285	5
Church & Dwight Co., Inc.	230	6	8.22%	208	8
City of Harrisonville	198	7	7.08%	225	6
Casco Area Workshop	194	8	6.94%	220	7
Crown Care Center	105	9	3.75%	101	9
Family Center	90	10	3.22%	98	10
Total Employment	2,797			2,999	

Source: Harrisonville Area Chamber of Commerce and Economic Development

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF PROPERTY VALUE, CONSTRUCTION PERMITS ISSUED,
AND TOTAL DOLLARS ON DEPOSIT AT YEAR-END
WITH LOCAL BANKS AND SAVINGS AND LOANS
LAST TEN YEARS

Year	Construction Permits and Value (1) and (2)				Total Year-End Deposits at Local Banks (Thousands)	Total Property Value (3)
	Residential		Commercial			
	Number	Value	Number	Value		
December 2007	861	6,049,296	154	14,936,040	339,313	115,170,896
December 2008	319	3,054,774	93	59,978,221	277,759	115,086,917
December 2009	245	1,672,246	68	1,180,815	295,081	118,789,218
December 2010	276	1,283,561	95	18,650,228	317,327	119,263,700
December 2011	318	1,403,626	98	3,392,188	329,770	117,971,118
December 2012	240	2,103,410	76	3,685,500	341,344	117,937,341
December 2013	176	1,331,781	73	5,293,503	379,785	117,235,056
December 2014	176	1,973,875	66	2,416,903	326,918	120,940,616
December 2015	180	2,202,655	59	8,042,346	348,202	121,506,475
December 2016	241	6,672,912	83	10,622,390	340,592	120,615,711

(1) Permit totals include additions to existing structures.

(2) Information obtained from Codes Administration Department.

(3) Assessed valuation.

CITY OF HARRISONVILLE, MISSOURI
CAPITAL ASSET STATISTICS
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Patrol units	23	23	23	23	20	20	20	21	21	21
Police stations	1	1	1	1	1	1	1	1	1	1
Fire										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire hydrants	660	670	678	678	678	678	678	678	678	678
Streets										
Miles	69	69	69	69	69	69	69	69	69	69
Streetlights	900	900	900	900	900	900	900	900	900	900
Miles of storm sewers	9	9	9	9	9	9	9	9	9	9
Parks										
Parks	6	6	6	6	6	6	6	6	6	6
Acreage	250	250	250	250	250	250	250	250	250	250
Golf courses	2	2	2	2	2	2	2	2	2	2
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	4	4	4	4	4	4	4	4	4	4
Community centers	7	7	7	7	7	7	7	7	7	7
Sewer										
Sanitary sewer (miles)	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0
Plant capacity (mgl)	1.3	1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Treatment plants	1	1	1	1	1	1	1	1	1	1
Service connections	4,094	4,102	4,084	4,071	4,037	4,062	4,061	4,073	4,083	4,106
Maximum daily capacity of treatment plant in gallons	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Water										
Miles of water mains	56	56	56	56	56	56	56	56	56	56
Service connections	3,984	3,992	3,978	3,966	3,923	3,937	3,950	3,944	3,955	4,188
Daily average consumption in gallons	1,300,000	1,300,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000

Source: City Department Heads

CITY OF HARRISONVILLE, MISSOURI
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Management	5	5	5	5	4	4	3	3	3	3
Finance	7	8	7	6	7	6	7	6	6	7
Codes	4	4	4	4	4	2	2			
Community Development	2	1	2	2	2	3	3	4	5	5
Police										
Officers	20	20	21	23	25	23	23	24	23	20
Civilians	6	5	6	6	6	6	5	6	6	8
Animal Control	2	1	2	2	2	1	2	2	2	2
Court	1	1	1	1	1	1	1	1	1	2
Fire/EMS										
Firefighters/Director*	5	5	1	1	1	1			1	1
Director/Firefighters/ EMTs*	2	3	19	17	15	19	21	19	18	17
Clerk	1	1	1	1	1	1	1	1	1	1
Public Works										
Engineering	1	1	1	1	1	1	1	1	1	
Streets	8	8	8	7	7	8	8	8	8	8
Electric	9	9	9	8	8	7	8	10	11	8
Water	13	13	13	13	12	12	12	12	12	12
Wastewater	5	5	4	4	4	4	4	4	4	4
Airport	1	1	1	1	1	1	1	1	1	1
Community Center/Parks	9	11	11	11	10	8	10	11	11	11
Total	101	102	116	113	111	108	112	113	114	110

* For 2014, the Firefighter category has been combined with Paramedics, and Codes category has been combined with Community Development.

DANA F. COLE
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and
Members of the Board of Aldermen
City of Harrisonville, Missouri

We have audited, in accordance with the 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, the financial statements of the City of Harrisonville, Missouri, which comprise the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of and for the year ended December 31, 2016, and have issued our report thereon dated April 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Harrisonville, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a significant deficiency as item 2016-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Harrisonville, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

City of Harrisonville, Missouri's Response to Findings

The City of Harrisonville, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City of Harrisonville, Missouri's response, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dana J Cole + Company, LLP

Overland Park, Kansas
April 27, 2017

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2016

2016-001 RELIANCE UPON THE AUDITOR

Criteria

As described in our engagement letter, management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of financial statements, including the notes to the financial statements, in conformity with accounting principles generally accepted in the United States of America.

Condition

Management should possess the ability to reconcile all accounts and prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors. The auditors drafted the financial statements and related note disclosures from a trial balance and other documentation provided by City personnel.

Cause

City personnel do not obtain the expertise necessary to draft the year-end financial statements, supplementary information, and notes to the financial statements.

Potential Effect

The potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the City's internal control.

Recommendation

We recommend that the City review and approve the proposed auditor adjusting entries, the adequacy of financial statement disclosures prepared by the auditors, and apply analytic procedures to the draft financial statements, among other procedures as considered necessary by management.

Views of Responsible Officials and Corrective Action Plan

The City relies on the auditor to propose adjustments necessary to prepare the financial statements including the related note disclosures. The City reviews such financial statements and approves all adjustments. The City also uses analytic procedures among other procedures necessary to complete the Management's Discussion and Analysis.

CITY OF HARRISONVILLE, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016

2015-001 RELIANCE UPON THE AUDITOR

Management should possess the ability to reconcile all accounts and prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors. See current year finding 2016-001.

APPENDIX C

DEFINITIONS OF WORDS AND TERMS; SUMMARIES OF CERTAIN DOCUMENTS

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX C

DEFINITIONS OF WORDS AND TERMS; SUMMARIES OF CERTAIN DOCUMENTS

DEFINITIONS OF WORDS AND TERMS

In addition to the words and terms defined elsewhere in this Official Statement, the following are certain defined terms used in the Indenture and this Official Statement. The list of defined terms does not purport to be complete, and reference is made to the full text of the Indenture for a complete recital of the defined terms used therein.

"**Authorized City Representative**" means the Mayor, the City Administrator, the City's Director of Finance, or such other Person at the time designated to act on behalf of the City as evidenced by written certificate furnished to the Trustee containing the specimen signature of such Person and signed on behalf of the City by an Authorized City Representative. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized City Representative.

"**Bond Counsel**" means Bryan Cave Leighton Paisner LLP or any other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing and experienced in matters relating to the tax exemption of interest payable on obligations of states and their instrumentalities and political subdivisions, and which is selected by the City and acceptable to the Trustee.

"**Bond Ordinance**" means the ordinance of the City adopted on April __, 2018, authorizing the execution and delivery of the Indenture and the issuance of the Bonds.

"**Bonds**" means the City's Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2018 in the aggregate principal amount of $_____.

"**Book-Entry System**" means the book-entry system maintained by the Securities Depository described in the Indenture.

"**Business Day**" means any day other than a Saturday, Sunday or any other day on which banking institutions in the city in which the principal corporate trust office of the Trustee is located are required or authorized by law to close.

"**City**" means the City of Harrisonville, Missouri, is a city of the fourth class and political subdivision duly organized and existing under the laws of the State of Missouri, together with its successor and assigns.

"**City Revenues**" means all legally available funds appropriated by the City pursuant to Section 602 of the Indenture for the payment of the principal of and interest on the Bonds, excluding TIF Revenues, that are deposited into the City Revenues Account of the Revenue Fund.

"**Code**" means the Internal Revenue Code of 1986, as amended, and the applicable regulations, temporary regulations and proposed regulations thereunder.

"**Commission**" means the Tax Increment Financing Commission of Harrisonville, Missouri, a tax increment financing commission duly organized and existing under the laws of the State of Missouri, together with its successor and assigns.

"**Continuing Disclosure Agreement**" means the Continuing Disclosure Agreement between the City and the Trustee, as dissemination agent thereunder, as from time to time amended.

"**Costs of Issuance**" means issuance costs with respect to the Bonds that are permitted under the Act to be paid out of proceeds of the Bonds, including but not limited to the following: 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); counsel fees (including bond counsel, underwriter's counsel and City's counsel as well as any other specialized counsel fees incurred in connection with the borrowing); financial advisor fees of any financial advisor to the City incurred in connection with the issuance of the Bonds; rating agency fees; bond insurance premiums and liquidity fees, trustee, escrow agent and paying agent fees; accountant fees and other expenses related to issuance of the Bonds; printing costs (for the Bonds and of any official statement relating to the Bonds); and fees and expenses of the City incurred in connection with the issuance of the Bonds.

"**Debt Service Fund**" means the fund by that name created in the Indenture.

"**Debt Service Requirements**" means for any period of time for which calculated, the aggregate of the payments to be made during such period in respect of principal (whether at maturity or otherwise) and interest on Bonds; provided that such payments are excluded from Debt Service Requirements to the extent that cash or Investment Securities are on deposit in an irrevocable escrow or trust account and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay principal or interest on the Bonds and are sufficient to pay such principal or interest.

"**Event of Default**" means any event or occurrence as defined in the Indenture.

"**Financing Documents**" means the Indenture, the Bonds, the Purchase Contract, the Continuing Disclosure Agreement, the Redevelopment Agreement, the TDD Agreement, 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.

"**Fiscal Year**" means the fiscal year adopted by the City for accounting purposes, which as of the execution of the Indenture commences on January 1 and ends on December 31.

"**Force Majeure**" means strikes, lockouts, other labor or industrial disturbances, civil disturbances, future valid orders of any governmental authorities, act of the public enemy, war, riot, sabotage, blockade, embargo, failure or inability to secure material or labor by reason of priority or similar regulation or orders of any governmental authorities, lightning, earthquake, fire, storm, hurricane, flood, washout, explosion, act of God, or any other similar cause.

"**Government Securities**" means direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America and backed by the full faith and credit thereof.

"**Immediate Notice**" means notice given no later than the close of business on the date required by the provisions of the Indenture by telegram, telex, telecopier or other telecommunication device to such phone numbers or addresses as are specified in the Indenture or such other phone number or address as the addressee shall have directed in writing, the receipt of which is confirmed by telephone, promptly followed by written notice by first-class mail, postage prepaid to such addressees.

"**Interest Payment Date**" means each May 1 and November 1 commencing November 1, 2018.

"**Investment Securities**" means any of the following securities purchased in accordance with the Indenture, , if and to the extent the same are at the time legal for investment of the funds being invested:

(a) Government Securities;

(b) bonds, notes or other obligations of the State, or any political subdivision of the State, that at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service;

(c) repurchase agreements with any bank, bank holding company, savings and loan association, trust company, or other financial institution organized under the laws of the United States or any state, including, without limitation, the Trustee or any of its affiliates, that are continuously and fully secured by any one or more of the securities described in clause (a) or (b) above and have a market value at all times at least equal to the principal amount of such repurchase agreement and are held in a custodial or trust account for the benefit of the City;

(d) obligations of Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Corporation, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Corporation;

(e) certificates of deposit or time deposits or demand deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States or any state, including, without limitation, the Trustee or any of its affiliates, provided that such certificates of deposit or time deposits or demand deposits shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities as are described above in clauses (a) through (c) above, inclusive, which shall have a market value at all times at least equal to the principal amount of such certificates of deposit or time deposits;

(e) investment agreements constituting an obligation of a bank, bank holding company, savings and loan association, trust company, insurance company or other financial institution whose outstanding unsecured short-term debt is rated at the time of such agreement in the highest rating category by a nationally recognized rating agency or whose outstanding unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating agency;

(f) short term discount obligations of the Federal National Mortgage Association and the Government National Mortgage Association;

(g) commercial paper which is rated at the time of purchase in the single highest classification by a nationally recognized rating agency, and maturing not more than 270 days after the date of purchase; and

(h) money market mutual funds that are invested in Government Securities and repurchase agreements with respect to such obligations and

(i) any other securities or investments that are lawful for the investment of moneys held in such funds or accounts under the laws of the State and are approved by 100% of the Owners.

"**Issue Date**" means April ___, 2018.

"**Net Proceeds**" means all moneys on deposit (including investment earnings thereon) in (i) the PILOT Account of the Special Allocation Fund for Redevelopment Project Area I, (ii) subject to annual appropriation by the City, the Economic Activity Account of the Special Allocation Fund for Redevelopment Project Area I, (iii) the Net TDD Sales Tax revenues transferred by the TDD to the Trustee and on deposit

in the TDD Sales Tax Account of the Revenue Fund, and (iv) any City Revenues on deposit in the City Revenues Account of the Revenue Fund. Net Proceeds do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, and (ii) any sum which is the subject of a suit or other claim which suit or claim challenges the collection of such sum.

"**Net TDD Sales Tax**" means, subject to annual appropriation by the Board of Directors of the TDD, the amount of TDD Sales Tax revenues received from the Missouri Department of Revenue and deposited into the TDD Sales Tax Trust Fund, after deducting (i) one percent (1%) of the total TDD Sales Tax received from the Department of Revenue payable to the City for an administrative fee, (ii) the Economic Activity Tax Revenues that are transferred to the City for deposit into the TDD Sales Tax Account of the Special Allocation Fund, and (iii) such additional amounts as needed for the City to maintain a balance of $1,000 in funds available to the City to enforce collection of the TDD Sales Tax, which Net TDD Sales Tax revenues the TDD will transfer, or cause to be transferred, to the Trustee for deposit into the TDD Sales Tax Account of the Revenue Fund pursuant to the Indenture. Net TDD Sales Tax revenues do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer and (ii) any sum received by the TDD which is the subject of a suit or other claim communicated to the TDD which suit or claim challenges the collection of such sum.

"**Official Statement**" means, collectively, the Preliminary Official Statement dated April 6, 2018 and the final Official Statement dated April ___, 2018 relating to the issuance and sale of the Bonds.

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

"**Original Purchaser**" means Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri.

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

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Bonds which are deemed to have been paid in accordance with the Indenture;

(c) Bonds alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in the Indenture; and

(d) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture.

"**Owner**" or "**Registered Owner**" means the Person in whose name any Bond is registered on the Register.

"**Paying Agent**" means the Trustee and any other bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated by the Indenture as paying agent for the Bonds at which the principal of and interest on such Bonds shall be payable.

"**Payment Date**" means any Interest Payment Date or a maturity date or any other date on which the principal of or interest on the Bonds is payable.

"**Person**" means any natural person, firm, partnership, association, corporation, limited liability company or public body.

"**Pledged Revenues**" means all Net Proceeds and all moneys held in the Revenue Fund, the Debt Service Fund, and the Project Fund under the Indenture, together with investment earnings thereon.

"**Plan**" means the Harrisonville Towne Center Tax Increment Financing Plan recommended by the Commission on September 14, 2005 and approved by the City on October 3, 2005, as such may be amended and supplemented in accordance with the Act and the terms thereof.

"**Project**" means acquisition, construction and improvement of a portion of Redevelopment Area – Project I (as defined in the Redevelopment Area as contemplated by the Plan), including, but not limited to the acquisition, construction and improvement of the sanitary sewer, public water, roadway and storm water improvements set forth on Exhibit E to the Redevelopment Agreement.

"**Project Fund**" means the fund by that name created in the Indenture.

"**Purchase Contract**" means the Bond Purchase Agreement relating to the Bonds between the City and the Original Purchaser.

"**Rebate Fund**" means the fund by that name created in the Indenture.

"**Record Date**" for the interest payable on any Interest Payment Date means the 15th calendar day, whether or not a Business Day, of the month next preceding such Interest Payment Date.

"**Redeveloper**" means D. J. Christie, Inc., a Missouri corporation, together with its successors and assigns under the Redevelopment Agreement.

"**Redevelopment Agreement**" means the Redevelopment Agreement dated as of December 22, 2005 between the City and the Redeveloper, as such agreement may be amended and supplemented in accordance with the terms thereof.

"**Register**" means the registration books of the City kept by the Trustee to evidence the registration, transfer and exchange of Bonds.

"**Registrar**" means the Trustee when acting as such under the Indenture.

"**Revenue Fund**" means the fund by that name created in the Indenture.

"**Securities Depository**" means The Depository Trust Company, New York, New York, or is nominee, and its successor and assigns, acting as securities deposit under a Book-Entry System.

"**Special Allocation Fund**" means the Special Allocation Fund created for the Plan.

"**State**" means the State of Missouri.

"**Supplemental Indenture**" means any indenture supplemental or amendatory to the Indenture entered into by the City and the Trustee pursuant to the Indenture.

"**Tax Compliance Agreement**" means the Tax Compliance Agreement, dated as of even date herewith, between the City and the Trustee, as from time to time amended in accordance with the provisions thereof.

"**TDD**" means The Harrisonville Towne Center Transportation Development District, a political subdivision of the State of Missouri, formed for the purpose of financing a portion of the costs of certain transportation improvements within and benefiting Redevelopment Project Area 1.

"**TDD Act**" means the Missouri Transportation Development District Act, Sections 238.200 through 238.280, inclusive, of the Revised Statutes of Missouri, as amended.

"**TDD Agreement**" means Cooperative Agreement, dated as of December 22, 2005, between the City and the TDD, as amended and supplemented in accordance with First Amendment to Cooperative Agreement, dated as of April ___, 2018, and as further amended and supplemented in accordance with the terms thereof.

"**TDD Improvements**" means those improvements that are part of the Project and which are identified as such in the TDD Agreement.

"**TDD Sales Tax**" means, initially, the one percent (1%) sales and use tax approved by the voters in the TDD and a resolution of the Board of Directors of the TDD and levied pursuant to Section 238.235 of the Revised Statutes of Missouri, as amended, the proceeds of which the TDD will deposit into the TDD Sales Tax Trust Fund held by the TDD, or by the City on behalf of the TDD and which may be used to pay a portion of the costs of Project, including, upon transfer by the TDD to the Trustee pursuant to the terms of the TDD Agreement and the Indenture, to pay the principal of, premium, if any, and interest on that portion of the Bonds allocable to the TDD Improvements, subject to annual appropriation by the Board of Directors of the TDD.

"**TDD Sales Tax Trust Fund**" means the trust fund established by the TDD pursuant to the TDD Act that is held and administered by the TDD and into which the TDD will deposit all TDD Sales Tax revenues upon receipt thereof pursuant to the terms of the TDD Agreement.

"**TIF Revenues**" means, collectively, the Economic Activity Taxes and the Payments in Lieu of Taxes (as such terms are defined in the Redevelopment Agreement).

"**Trust Estate**" means the Trust Estate described in the granting clauses of the Indenture.

"**Trustee**" means Security Bank of Kansas City, Kansas City, Kansas, and its successor or successors and any other association or corporation which at any time may be substituted in its place pursuant to and at the time serving as trustee under the Indenture.

* * * * * * * *

SUMMARY OF THE INDENTURE

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

Nature of Obligations.

The Bonds and the interest thereon shall be special, limited obligations of the City payable solely from the Pledged Revenues and other moneys pledged thereto and held by the Trustee as provided herein, 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 the interest thereon do not constitute a debt of the City, the CID, the TDD, the State or any political subdivision thereof, and do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Except as otherwise provided herein, no recourse shall be had for the payment of the principal of or interest on, any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future member of the Board of Aldermen 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, and all such liability of any such member of the City, trustee, officer, official, employee or agent as such is hereby expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of any of the Bonds.

EXCEPT AS PROVIDED IN THE NEXT SENTENCE, THE OBLIGATIONS OF THE CITY TO TRANSFER TIF REVENUES TO THE TRUSTEE FOR THE REPAYMENT OF THE BONDS TERMINATES ON NOVEMBER 20, 2028, WHETHER OR NOT THE PRINCIPAL AMOUNT OR INTEREST ON THE BONDS HAS BEEN PAID IN FULL. NOTWITHSTANDING THE FOREGOING, THE INDENTURE AND THE CITY'S OBLIGATION TO CONSIDER APPROPRIATIONS OF CITY REVENUES PURSUANT TO THE INDENTURE AND THE OBLIGATION OF THE TDD TO CONSIDER APPROPRIATIONS OF NET TDD SALES TAX REVENUES, RESPECTIVELY, PURSUANT TO THE TDD AGREEMENT, RESPECTIVELY, FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS, SHALL CONTINUE UNTIL THE PAYMENT IN FULL OF THE BONDS AND DISCHARGE OF THE INDENTURE; PROVIDED, HOWEVER, THAT NEITHER THE CITY NOR THE TDD SHALL HAVE ANY LEGAL OBLIGATION TO MAKE ANY SUCH APPROPRIATIONS.

Registration, Transfer and Exchange.

The Trustee is hereby appointed Registrar and as such shall keep a Register at its principal corporate trust office or other designed payment office for the registration and for the transfer of Bonds as provided in the Indenture and in accordance with such reasonable regulations as the Trustee may prescribe. Each Bond when issued shall be registered in the name of the Owner thereof on the Register.

Any Bond may be transferred only upon the Register upon surrender thereof to the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such transfer, the City shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new fully-registered Bond or Bonds of the same series and maturity, of any authorized denomination of a like aggregate principal amount.

Any Bond, upon surrender thereof at the principal corporate trust office of the Trustee, together with an assignment duly executed by the Owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee, may, at the option of the Owner thereof, be exchanged for Bonds of the same maturity, of any denomination or denominations authorized by the Indenture, bearing interest at the same rate, and registered in the name of the Owner.

Every Bond presented or surrendered for transfer or exchange shall (if so required by the Trustee, as Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Trustee, as Registrar, duly executed by the Owner thereof or his attorney or legal representative duly authorized in writing.

In all cases in which Bonds are exchanged or transferred hereunder, the City shall execute and the Trustee shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of the Indenture. All Bonds surrendered in any such exchange or transfer shall forthwith be cancelled by the Trustee.

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 the 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 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 certified 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.

At reasonable times and under reasonable regulations established by the Trustee, the Register may be inspected and copied by the City or the Owners (or a designated representative thereof) of 10% in principal amount of Bonds then Outstanding, such ownership and the authority of any such designated representative shall be evidenced to the satisfaction of the Trustee.

The Person in whose name any Bond is registered on the Register shall be deemed and regarded as the absolute owner of such Bond for all purposes, except as otherwise provided in the Indenture when a Book-Entry System is in effect for the Bonds, 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 his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including the interest thereon, to the extent of the sum or sums so paid.

The Trustee shall not be required (i) to transfer or exchange any Bond during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of such Bond and ending at the close of business on the day of such mailing, or (ii) 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 Bonds and ending at the close of business on the relevant Interest Payment Date therefor.

Creation of Funds; Application of Bond Proceeds and other Moneys.

There are hereby created and ordered to be established in the custody of the Trustee the following special trust funds and accounts with respect to the Bonds, to be designated as follows:

(a) "**Project Fund**" and, within such fund, two separate and segregated trust accounts designated the "**Costs of Issuance Account**" and the "**Refinancing Account**;"

(b) "**Revenue Fund**" and, within such fund, three separate and segregated trust accounts designated as the "**TIF Revenues Account**," the "**TDD Sales Tax Account**," and the "**City Revenues Account**;"

(c) "**Debt Service Fund**" and, within such fund, three separate and segregated trust account designated the "**Bond Payment Account**," the "**Redemption Account**," and the "**Reserve Account**," and

(d) "**Rebate 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 City. The Trustee shall maintain separate funds or accounts as appropriate, for the cash and securities attributable to the Bonds in each fund and account held by the Trustee under the Indenture. Any transfer of cash or securities or earnings thereon from one fund or account to another shall be made to the appropriate fund or account of the Bonds to which such cash or securities are attributed. If, at any time, a payment is made to any fund or account that is less than the amount due and payable to such fund or account, the amount payable shall be credited pro rata to each such separate fund or account, based on the amount owed to each such fund or account.

All moneys deposited with or paid to the Trustee for the funds and accounts held under the Indenture shall be held by the Trustee in trust and shall be applied only in accordance with the provisions of the Indenture, and, until used or applied as herein provided, and except as otherwise provided in the Indenture, shall constitute part of the Trust Estate and be subject to the lien, terms and provisions of the Indenture and shall not be commingled with any other funds of the City except as otherwise provided in the Indenture for investment purposes.

Revenue Fund.

The City shall as soon as practicable (but no later than the 1st Business Day of each month following receipt thereof) transfer all Economic Activity Tax Revenues and all Payments in Lieu of Taxes received by the City to the Trustee for deposit in the TIF Revenues Account of the Revenue Fund.

The TDD has agreed, pursuant to the TDD Agreement, to transfer as soon as practicable (but no later than the 1th day of each month following receipt thereof) all Net TDD Sales Tax revenues to the Trustee for deposit in the TDD Sales Tax Account of the Revenue Fund.

On the 15th day of the month prior to any Interest Payment Date, the Trustee shall notify the City of the amount of the deficiency, if any, taking account amounts on deposit in the Revenue Fund, and the Bond Payment Account of the Debt Service Fund, to pay an installment of principal and/or interest on the Bonds on the next Interest Payment Date or mandatory sinking fund payment date. On or prior to the second Business Day prior to such Interest Payment Date or mandatory sinking fund payment date, the City shall transfer City Revenues in an amount equal to such deficiency, subject to the provisions of the Indenture. Moneys provided to the Trustee by the City constituting City Revenues shall be deposited as and when received by the Trustee into the City Revenues Account of the Revenue Fund.

Moneys in the Revenue Fund shall be held in trust and shall be applied by the Trustee on the 25th day (or if such day is not a Business Day, the immediately preceding Business Day) prior to each Interest Payment Date, except as otherwise provided below, first from the TIF Revenues Account, second from the TDD Sales Tax Account, third, from the Reserve Account, and last, from the City Revenues Account, as follows:

First, transfer to the Rebate Fund, when necessary, an amount sufficient to pay any arbitrage rebate, if any, to the United States of America, owed under Section 148 of the Code, including any costs of calculating the arbitrage rebate, as directed in writing by the City in accordance with the Tax Letter of Instructions;

Second, taking into account amounts on deposit in the Debt Service Fund, transfer to the Bond Payment Account of the Debt Service Fund an amount sufficient to pay the interest due on the Bonds on the next succeeding Interest Payment Date;

Third, transfer to the Bond Payment Account of the Debt Service Fund, taking into account any amounts that may be on deposit in such account, an amount sufficient to pay the principal due on the Bonds by their terms on the next succeeding Interest Payment Date;

Fourth, if the next succeeding Interest Payment Date is May 1, transfer to the Bond Payment Account of the Debt Service Fund an amount sufficient to pay principal due on the Bond by their terms on the second succeeding Interest Payment Date;

Fifth , transfer 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; and

Sixth, transfer to the City, any amount remaining in the City Revenues Account and an amount to be applied as reimbursement to the City for any City Revenues that the Trustee applied to the payment of debt service on the Bonds in any prior payment period.

If the moneys in the Bond Payment Account of the Debt Service Fund are insufficient to pay all scheduled principal of and interest becoming due (by reason of maturity or mandatory sinking fund redemption) on the Bonds on any Interest Payment Date, then such money shall be applied ratably to the payment of interest, according to the amounts due on such installment, to the persons entitled thereto without any discrimination or privilege, then any remaining money shall be applied ratably to the payment of principal of the Bonds, according to the amounts due on such installment, to the persons entitled thereto without any discrimination or privilege. Any unpaid interest shall be compounded semi-annually on each Interest Payment Date.

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 other amounts required to be paid under the Indenture (including payments owed to the City pursuant to paragraph Sixth above), all amounts remaining on deposit in the Revenue Fund (1) consisting of TIF Revenues and City Revenues shall be paid to the City for deposit into appropriate accounts in the Special Allocation Fund and for deposit into general City accounts, respectively, and (2) consisting of Net TDD Sales Tax revenues shall be paid to the TDD.

Notwithstanding anything herein to the contrary, the City shall not declare any Payments in Lieu of Taxes or Economic Activity Tax Revenues to be "surplus funds" or "excess funds" or permit the distribution of such funds as "surplus funds" pursuant to Section 99.820(12) of the TIF Act so long as any Bonds are outstanding hereunder.

Debt Service Fund.

Except as otherwise provided herein, all amounts paid and credited to the accounts of the Debt Service Fund shall be expended solely for the payment of the principal of, premium, if any, and interest on the Bonds as the same mature and become due or upon the redemption thereof.

After 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 fees, charges and expenses of the Trustee and any Paying Agents and any other amounts required to be paid under the Indenture (including payments owed to the City pursuant to paragraph *Sixth* under the caption "Revenue Fund"), all amounts remaining in the accounts of the Debt Service Fund shall be transferred to the City for deposit into the Special Allocation Fund.

Rebate Fund.

There shall be deposited by the Trustee in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All money at any time deposited in the Rebate Fund and any income earned thereon shall be held in trust, to the extent required to pay arbitrage rebate to the federal government of the United States of America, and neither the City nor the Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Indenture and by the Tax Compliance Agreement (which is incorporated herein by reference).

Pursuant to the Tax Compliance Agreement, the Trustee on behalf of the City, shall remit from the Rebate Fund rebate installments and the final rebate payments to the United States. The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to the Indenture and the Tax Compliance Agreement, other than from moneys held in the funds or accounts created under 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 Bonds and payment and satisfaction of any arbitrage rebate, or provision made therefor, shall be withdrawn and released to the City.

Notwithstanding any other provision of the Indenture, including in particular the Indenture, the obligation to remit arbitrage rebate to the United States and to comply with all other requirements of the Indenture and the Tax Compliance Agreement shall survive the defeasance or payment in full of the Bonds.

Moneys to be Held in Trust.

All moneys deposited with or paid to the Trustee for the account of any fund under any provision of the Indenture, and all moneys deposited with or paid to any Paying Agent under any provision of the Indenture, shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the provisions of the Indenture and, until used or applied as herein provided, shall constitute part of the Trust Estate (except for the Rebate Fund) and be subject to the lien of the Indenture. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except for accounting for income on Investment Securities.

Investment of Moneys.

Moneys in all funds and accounts under any provision of the Indenture shall be continuously invested and reinvested by the Trustee in Investment Securities at the written direction of the City given by the Authorized Commission Representative or, if such written directions are not received, then in Investment Securities described in subparagraph (f) of the definition thereof. Moneys on deposit in all funds and accounts may be invested only in Investment Securities which mature or are subject to redemption at the option of the owner thereof prior to the date such funds are expected to be needed. The Trustee may make

investments through its investment division or short-term investment department. After the Trustee shall have notice pursuant to the Indenture of the existence of an Event of Default, the Trustee shall direct the investment of moneys held under the Indenture.

All investments shall constitute a part of the fund or account from which the moneys used to acquire such investments have come. The Trustee shall sell and reduce to cash a sufficient amount of investments in a fund or account whenever the cash balance therein is insufficient to pay the amounts required to be paid therefrom. The Trustee may transfer investments from any fund or account to any other fund or account in lieu of cash when required or permitted by the provisions of the Indenture. In determining the balance in any fund or account, investments shall be valued at the lower of their original cost or their fair market value on the most recent Payment Date, except as otherwise provided in the Indenture. The Trustee shall not be liable for any loss resulting from any investment made in accordance herewith.

Covenant to Request Appropriations.

The City covenants and agrees that the City Administrator, or any other officer at any time charged with the responsibility of formulating budget proposals, is hereby directed to include in the budget proposals submitted to the Board of Aldermen, in any year during which any Bonds are Outstanding, (1) a request or requests for an appropriation of Economic Activity Tax Revenues for transfer to the Trustee for deposit in the Revenue Fund at the times and in the manner provided in the Indenture, and (2) a request or requests for an appropriation of other legally available funds of the City in an amount equal to the principal of and interest on the Bonds during the next Fiscal Year of the City which appropriated amount, or some portion thereof, may be transferred to the Trustee as City Revenues at the times and in the manner provided in the Indenture. Such requests for an annual appropriation shall be made in each Fiscal Year after the issuance of the Bonds so that Payments in Lieu of Taxes, Economic Activity Tax Revenues, Net TDD Sales Tax revenues, and City Revenues to be transferred to the Trustee for deposit in the Revenue Fund during the succeeding Fiscal Year will be available at the time needed for and shall be sufficient, taking into consideration available amounts in the Bond Payment Account of the Debt Service Fund, and the Reserve Account of the Revenue Fund, for the payment of the principal of and interest on the Bonds, as and when the same shall become due.

It is the intention of the City that the decision to appropriate Economic Activity Tax Revenues and other legally available funds of the City shall be made solely by the Board of Aldermen of the City, without any condition precedent or condition subsequent to the consideration and approval thereof by the Board of Aldermen, and not by any other official of the City. The City presently expects to, in each Fiscal Year of the City while the Bonds are Outstanding, appropriate Economic Activity Tax Revenues and other legally available funds of the City so that Payments in Lieu of Taxes, Economic Activity Tax Revenues, and City Revenues to be transferred to the Trustee for deposit in the Revenue Fund during each Fiscal Year will be available at the time needed for and shall be sufficient, taking into consideration available amounts in the Debt Service Fund, the Bond Payment Account of the Debt Service Fund, the Reserve Account of the Revenue Fund, and amounts transferred to the Trustee for deposit into the Revenue Fund from Net TDD Sales Tax revenues, for the payment of the principal of and interest on the Bonds, as and when the same shall become due. The City shall furnish the Trustee with copies of its annual budget and a certificate stating whether it has appropriated Economic Activity Tax Revenues and other legally available funds of the City for such Fiscal Year promptly after the budget is adopted and in no event later than January 15 of each year.

Events of Default.

If any one or more of the following events occur, it is hereby defined as and declared to be and to constitute an "**Event of Default**":

(a) Default in the performance or observance of any of the covenants, agreements or conditions on the part of the City in the Indenture or in the Bonds contained, and the continuance thereof for a period of 30 days after written notice thereof has been given (i) to the City by the

Trustee, or (ii) to the Trustee (which notice of default the Trustee shall be required to accept) and the City by the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding; provided, however, if any default is such that it cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the City within such period and diligently pursued until the default is corrected; or

(b) The filing by the City of a voluntary petition in bankruptcy, or failure by the City to promptly lift any execution, garnishment or attachment of such consequence as would impair the ability of the City to carry on its operation, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of federal bankruptcy law, or under any similar acts which may hereafter be enacted.

(c) The failure to pay the principal of, redemption premium, if any, or interest on the Bonds when due.

The Trustee shall give written notice of any Event of Default to the City as promptly as practicable after the occurrence of an Event of Default of which the Trustee has notice as provided in the Indenture.

Acceleration.

If an Event of Default has occurred and is continuing, the Trustee may, and shall upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, by notice in writing delivered to the City, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable.

In case of any rescission pursuant to the Indenture, the Trustee, the City and the Owners shall be restored to their former positions and rights hereunder respectively, but no such rescission shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

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 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:

(i) there is deposited with the Trustee a sum sufficient to pay:

(A) all overdue installments of interest on all Bonds;

(B) 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 or rates prescribed therefor in such Bonds; and

(C) 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

(ii) 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.

If an Event of Default has occurred and is continuing, the Trustee may pursue any available remedy at law or equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of and interest on the Bonds then Outstanding, and to enforce and compel the performance of the duties and obligations of the City as herein set forth.

If an Event of Default has occurred and is continuing, and if requested so to do by the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding and indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, deems most expedient in the interests of the Owners; provided, however, that the Trustee shall not be required to take any action which in its good faith conclusion could result in personal liability to it.

All rights of action under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owner, and any recovery or judgment shall, subject to certain provisions of the Indenture, be for the equal benefit of all the Owners of the Outstanding Bonds.

Limitation on Exercise of Remedies by Owners.

No Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust hereunder or for the appointment of a receiver or any other remedy hereunder, unless:

(a) a default has occurred of which the Trustee has notice as provided in the Indenture; and

(b) such default has become an Event of Default, and

(c) the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee, shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, and shall have provided to the Trustee indemnity as provided in the Indenture; and

(d) the Trustee shall thereafter fail or refuse to exercise the powers herein granted or to institute such action, suit or proceeding in its own name;

and such notification, request and indemnity are hereby declared in every case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy hereunder, it being understood and intended that no one or more Owners shall have any right in any manner whatsoever to affect, disturb or prejudice the Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Owners of all Bonds then Outstanding. Nothing in the Indenture, however, shall affect or impair the right of any Owner to payment of the principal of and interest on any Bond at and after its maturity or the obligation of the City to

pay the principal of and interest on each of the Bonds to the respective Owners thereof at the time, place, from the source and in the manner herein and in such Bond expressed.

Right of Owners to Direct Proceedings.

Any other provision herein to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture, and provided, further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith determines that the proceeding so directed would involve it in personal liability or the Trustee has not been indemnified as provided in the Indenture.

Application of Moneys in Event of Default.

Upon an Event of Default, all moneys held or received by the Trustee pursuant to the Indenture pursuant to any right given or action taken under the Indenture shall, after payment of the reasonable fees, costs, advances and expenses of the Trustee and the proceedings resulting in the collection of such moneys (including without limitation attorneys' fees and expenses), be deposited in the Debt Service Fund. All moneys in the Debt Service Fund and the Project Fund shall be applied as follows:

(a) If the principal of all the Bonds has not become or has not been declared due and payable, all such moneys shall be applied:

(1) *First* – To the payment to the Owners entitled thereto of all installments of interest then due and payable on the Bonds, in the order in which such installments of interest became due and payable, with interest thereon at the rate or rates specified in the respective Bonds to the extent permitted by law, and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege.

(2) *Second* – To the payment to the Owners entitled thereto of the unpaid principal of any of the Bonds that have become due and payable (other than Bonds called for redemption for the payment of which moneys or securities are held pursuant to the Indenture), in the order of their due dates, and, if the amount available is not sufficient to pay in full such principal due on any particular date, together with such interest, then to the payment ratably, according to the amounts of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds has become due or has been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid on all of the Bonds, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discrimination or privilege;

(c) If the principal of all the Bonds has been declared due and payable, and if such declaration thereafter is rescinded and annulled under the provisions of the Indenture, then, subject to the provisions of subsection (b) above in the event that the principal of all the Bonds shall later

become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) above.

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

Whenever all of the Bonds and interest thereon have been paid under the Indenture, and all fees, expenses and charges of the Trustee have been paid, any balance remaining in the funds created pursuant to the Indenture shall be paid to the City for deposit in the Special Allocation Fund.

Remedies Cumulative.

No remedy conferred by the Indenture upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Owners hereunder or now or hereafter existing at law or in equity or by statute.

Waivers of Events of Default.

The Trustee shall waive any Event of Default and its consequences and rescind any acceleration of maturity of principal upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, 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.

In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default have been discontinued or abandoned or determined adversely, then and in every such case the City, the Trustee and the Owners shall be restored to their former positions, rights and obligations hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Notwithstanding anything otherwise provided herein, the Trustee shall not be required to waive any Event of Default involving failure to the pay the fees, costs, charges and expenses of the Trustee.

Satisfaction and Discharge of the Indenture.

When the principal of and interest on all the Bonds have been paid in accordance with their terms or provision has been made for such payment, as provided in the Indenture, and provision also is made for paying all other sums payable hereunder, including the fees and expenses of the Trustee and the Paying Agent to the date of payment of the Bonds, then the right, title and interest of the Trustee under the Indenture shall thereupon cease, determine and be void, and thereupon the Trustee shall, upon receipt by the Trustee of an Opinion of Counsel stating that all conditions precedent to the satisfaction and discharge of the Indenture have been complied with, cancel, discharge and release the Indenture and shall execute, acknowledge and deliver to the City such instruments of satisfaction and discharge or release as shall be reasonably requested to evidence such release and the satisfaction and discharge of the Indenture, and shall assign and deliver to the City any property at the time subject to the Indenture which may then be in the Trustee's possession, except amounts in the Debt Service Fund required to be paid to the City under the Indenture and except funds or

securities in which such moneys are invested and held by the Trustee for the payment of the principal of and interest on the Bonds.

The City is hereby authorized to accept a certificate of the Trustee stating that the whole amount of the principal and interest so due and payable upon all of the Bonds then Outstanding has been paid or provision for such payment has been made in accordance with the Indenture as evidence of satisfaction of the Indenture, and upon receipt thereof the City shall cancel and erase the inscription of the Indenture from its records.

Bonds Deemed to Be Paid.

Bonds shall be deemed to be paid within the meaning of the Indenture when payment of the principal on such Bonds, plus premium, if any, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the Indenture, or otherwise), either (1) has been made or caused to be made in accordance with the terms of the Indenture, or (2) provision therefor has been made by depositing with the Trustee, in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment or (ii) non-callable Government Securities maturing as to principal and interest in such amount and at such times as will ensure the availability of sufficient moneys to make such payment and the Trustee shall have received an opinion of Bond Counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that such deposit will not cause the interest on such Bonds to be included in gross income for purposes of federal income taxation and that all conditions precedent to the satisfaction of the Indenture have been met. At such time as a Bond is deemed to be paid hereunder as aforesaid, such Bond shall no longer be secured by or be entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Government Securities.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to the stated maturities thereof, no deposit under clause (2) of subsection (a) above shall be deemed a payment of such Bonds as aforesaid until, as to all such Bonds which are to be redeemed prior to their respective stated maturities, proper notice of such redemption has been given in accordance with the redemption provisions of the Indenture or irrevocable instructions have been given to the Trustee to give such notice.

Notwithstanding any provision of the Indenture which may be contrary, all moneys or Government Securities set aside and held in trust pursuant to the provisions of the Indenture for the payment of Bonds and interest thereon shall be applied to and be used solely for the payment of the particular Bonds and interest thereon with respect to which such moneys and Government Securities have been so set aside in trust.

If the interest earnings on money or Government Securities are necessary to provide for the payment of the Bonds under the Indenture, the Trustee shall receive a verification report of a firm of independent certified public accountants that the moneys and Government Securities deposited with the Trustee are sufficient to pay when due the principal or redemption price, if any, and interest on the Bonds on or prior to the applicable redemption or maturity date.

Supplemental Indentures Not Requiring Consent of Owners.

The City and the Trustee may from time to time, without the consent of or notice to any of the Owners, enter into such Supplemental Indenture or Supplemental Indentures as are not inconsistent with the terms and provisions of the Indenture, for any one or more of the following proposes:

(a) to cure any ambiguity or formal defect or omission in the Indenture or to release property from the Trust Estate which was included by reason of an error or other mistake;

(b) to grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners or the Trustee or either of them;

(c) to subject to the Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement the Indenture or any indenture supplemental hereto in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or any similar federal statute hereafter in effect, or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States;

(e) to provide for the refunding of any Bonds in accordance with the terms of the Indenture;

(f) to evidence the appointment of a separate trustee or the succession of a new trustee hereunder;

(g) to modify or eliminate any of the terms of the Indenture; provided, however, that:

(1) such Supplemental Indenture shall expressly provide that any such modifications or eliminations shall become effective only when there is no Bond Outstanding of any series issued prior to the execution of such Supplemental Indenture; and

(2) the Trustee may, in its discretion, decline to enter into any such Supplemental Indenture which, in its opinion, may not afford adequate protection to the Trustee when the same becomes operative;

(h) to make any other change which, in the sole judgment of the Trustee, does not materially adversely affect the security of the Owners. In exercising such judgment the Trustee may rely on an Opinion of Counsel.

Supplemental Indentures Requiring Consent of Owners.

In addition to Supplemental Indentures permitted by the Indenture and subject to the terms and provisions described below, and not otherwise, with the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, the City and the Trustee may from time to time enter into such other Supplemental Indenture or Supplemental Indentures as shall be deemed necessary and desirable by the City and the Trustee for the purpose of modifying, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing in this section contained shall permit or be construed as permitting:

(a) an extension of the maturity of the principal of or the scheduled date of payment of interest on any Bond;

(b) a reduction in the principal amount, redemption premium or any interest payable on any Bond;

(c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds;

(d) a reduction in the aggregate principal amount of Bonds the Owners of which are required for consent to any such Supplemental Indenture; or

(e) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee.

If at any time the City requests the Trustee to enter into any such Supplemental Indenture for any of the purposes of the Indenture, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be mailed by first-class mail to each Owner. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners. If within 60 days or such longer period as shall be prescribed by the City following the mailing of such notice, the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in the Indenture permitted and provided, the Indenture shall be and be deemed to be modified and amended in accordance therewith.

* * * * * * * *

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

April ___, 2018

City of Harrisonville, Missouri
Harrisonville, Missouri

Security Bank of Kansas City, as Trustee
Kansas City, Kansas

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

Re: $_____ aggregate principal amount of Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2018

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of the above-referenced bonds (the "Bonds") by the City of Harrisonville, Missouri (the "City"). The Bonds are being issued pursuant to a Trust Indenture, dated as of April 1, 2018 (the "Trust Indenture"), between the City and Security Bank of Kansas City, as trustee (the "Trustee"). The Bonds have been authorized and issued under and pursuant to the laws of the State of Missouri (the "State") and the Trust Indenture for the purpose of providing funds to refinance the Project (as defined in the Trust Indenture).

We have examined a transcript of proceedings relating to the authorization and issuance of the Bonds, which transcript includes, among other documents and proceedings, the following (the "Documents"):

(i) the Trust Indenture;

(ii) the TDD Agreement; and

(iii) such other documents as we have deemed relevant and necessary as a basis for the opinions set forth herein.

We have also examined the Constitution and statutes of the State, insofar as the same relate to the authorization and issuance of the Certificates and the authorization, execution and delivery of the Documents and a specimen Bond of the issue so authorized.

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

1. The Bonds have been duly authorized, executed and delivered by the City and are valid and legally binding special obligations of the City, payable solely from the Trust Estate as provided in the Trust Indenture. The Bonds do not constitute general obligations of the City nor do they constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds.

2. The Ordinance authorizing the issuance of the Bonds and the execution and delivery of the documents in connection therewith has been duly adopted by the City and the Documents constitute the valid and legally binding obligations of the City enforceable against the City.

3. The interest on the Bonds is excludable from gross income for federal and Missouri income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinions set forth in this paragraph are subject to the condition that the City comply with all of the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), including the regulations and rulings issued thereunder by the United Stated Department of the Treasury, that must be satisfied subsequent to the issuance of the Bonds in order to preserve the exclusion of interest on the Bonds from gross income for federal and Missouri income tax purposes. The City has covenanted to comply with all of these requirements and any failure by the City to comply with such requirements may cause the interest on the Bonds to be included in gross income for federal and Missouri income tax purposes retroactively to the date of issuance of the Bonds. The Bonds have not been designated as "qualified tax-exempt obligations" (as such term is defined in Section 265(b)(3) of the Code).

The rights of the owners of the Bonds and the enforceability of the Bonds and the Ordinance may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

The opinions set forth above are based on existing law, and we do not undertake to advise you of matter which may come to our attention subsequent to the date hereof and which may affect the legal opinions expressed herein.

Sincerely yours,

BRYAN CAVE LEIGHTON PAISNER LLP

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of April 1, 2018 (the "**Continuing Disclosure Agreement**"), is executed and delivered by the **CITY OF HARRISONVILLE, MISSOURI** (the "**City**"), and **SECURITY BANK OF KANSAS CITY**, a state banking corporation, as dissemination agent (the "**Dissemination Agent**").

RECITALS

1. This Continuing Disclosure Agreement is executed and delivered in connection with the issuance by the City of its $_____ aggregate principal amount of Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2018 (the "**Bonds**"), pursuant to a Trust Indenture, dated as of April 1, 2018 (the "**Bond Indenture**"), between the City and Security Bank of Kansas City, as trustee (the "**Bond Trustee**").

2. The City and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Bonds. The City is entering into this Continuing Disclosure Agreement in order to assist the Participating Underwriter in complying with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The City is the only "obligated person" with responsibility for continuing disclosure hereunder.

In consideration of the mutual covenants and agreements herein, the City and the Dissemination Agent covenant and agree as follows:

Section 1. Definitions. In addition to the definitions set forth elsewhere in this Continuing Disclosure Agreement and in the Bond Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this **Section**, the following capitalized terms shall have the following meanings:

"**Annual Report**" means, collectively, the City Annual Report and the City Financial Statements.

"**Annual Report Date**" means June 30th of each year (or, if the City's Fiscal Year should change, not later than the last day of the calendar month containing the 180th day following the end of the City's Fiscal Year), commencing June 30, 2018.

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

"**City Annual Report**" means a document or set of documents, in substantially the form attached as **Exhibit B** hereto, which contains updates (as of December 31 of each year) to the following information:

(a) the amount deposited into the following accounts of the Revenue Fund since the last City Annual Report:

(i) the TIF Revenues Account;

(ii) the TDD Sales Tax Account;

(iii) the City Revenues Account; and

(iv) any other amounts deposited to the Revenue Account;

(b) the principal amount of Bonds redeemed (whether by optional redemption, special redemption or on maturity) since the last City Annual Report;

(c) the aggregate principal amount of Bonds redeemed since the date of issuance of the Bonds and the outstanding principal amount of the Bonds;

(d) a list of the businesses located in the Redevelopment Area which remitted sales taxes for retail sales within the Redevelopment Area during the last Annual Reporting Period and were open for business as of December 31 of the most recently ended Annual Reporting Period; and

(e) a table showing the assessed valuation of each parcel of the real property within the Redevelopment Area for the most recently ended Annual Reporting Period.

"**City Financial Statements**" means the audited financial statements of the City for the prior Fiscal Year, prepared in accordance with accounting principles generally accepted in the United States of America.

"**Dissemination Agent**" means Security Bank of Kansas City, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City.

"**EMMA**" means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

"**Fiscal Year**" means the 12-month period beginning on January 1 and ending on December 31 of each calendar year or any other 12-month period selected by the City as the Fiscal Year of the City for financial reporting purposes.

"**Listed Events**" means any of the events listed in **Section 3(a)** of this Continuing Disclosure Agreement.

"**MSRB**" means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

"**Official Statement**" means the Official Statement dated April ____, 2018 related to the Bonds.

"**Participating Underwriter**" means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"**Rule**" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Provision of Annual Reports.

(a) The City shall, not later than the Annual Report Date, file with the MSRB, through EMMA, the following financial information and operating data:

(i) The City Financial Statements.

(ii) The City Annual Report for the preceding Fiscal Year.

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

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this **Section**; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under **Section 3** of this Continuing Disclosure Agreement.

(b) Not later than the date specified in subsection (a) for providing the Annual Report to the MSRB, the City shall either (1) provide the City Annual Report and the City Financial Statements to the Dissemination Agent, with written instructions to file the Annual Report as required by this Continuing Disclosure Agreement, or (2) provide written notice to the Dissemination Agent that the City has filed the Annual Report with the MSRB or will do so prior to the Annual Report Date.

(c) If the Dissemination Agent has not received either the City Annual Report and the City Financial Statements with filing instructions or a written notice from the City that it has filed the City Annual Report and the City Financial Statements with the MSRB by the Annual Report Date, the Dissemination Agent in a timely manner shall send a notice to the MSRB in substantially the form attached as **Exhibit A**.

(d) The Dissemination Agent shall, unless the City has filed the City Annual Report and the City Financial Statements with the MSRB, promptly following receipt of such documents and instructions required in subsection (b) above, file the City Annual Report and the City Financial Statements with the MSRB and file a report with the City certifying that such documents have been filed pursuant to this Continuing Disclosure Agreement and stating the date it was filed with the MSRB.

(e) In addition to the foregoing requirements of this **Section**, the Dissemination Agent agrees to provide copies of the most recent Annual Report to any requesting Beneficial Owner or prospective Beneficial Owner, but only after the same have been delivered to the MSRB.

Section 3. Reporting of Listed Events.

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

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) modifications to rights of bondholders, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the City;

(13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Listed Event, contact the City Administrator, or his or her designee, or such other person as the City shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d). If in response to a request under this subsection (b), the City determines that the event does not constitute a Listed Event, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent whether or not to report the occurrence pursuant to subsection (d).

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the City shall promptly notify and instruct the Dissemination Agent in writing to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent receives written instructions from the City to report the occurrence of a Listed Event, the Dissemination Agent shall promptly file a notice of such occurrence to the MSRB, with a copy to the City. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the registered owners of affected Bonds pursuant to the Bond Indenture.

Section 4. Termination of Reporting Obligation. The City's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the obligations of the City under this Continuing Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Agreement in the same manner as if it were the City and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the City shall give notice of such termination or substitution in the same manner as for a Listed Event under **Section 3** of this Continuing Disclosure Agreement.

Section 5. Dissemination Agents. The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor dissemination agent. The Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the City. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including, without limitation, the Annual Report) prepared by the City pursuant to this Continuing Disclosure Agreement. The initial Dissemination Agent is Security Bank of Kansas City.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the City and the Dissemination Agent may amend this Continuing Disclosure Agreement and any provision of this Continuing Disclosure Agreement may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the City and the Dissemination Agent with its written opinion that the agreement of the City and the Dissemination Agent contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Agreement.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the City shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Listed Event under **Section 3** of this Continuing Disclosure Agreement, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the City shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Semi-Annual Report, Annual Report or notice of occurrence of a Listed Event.

Section 8. Default. If the City or the Dissemination Agent fails to comply with any provision of this Continuing Disclosure Agreement, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an event of default under the Bond Indenture or the Bonds, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with this Continuing Disclosure Agreement shall be an action to compel performance.

Section 9. Duties and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and, to the extent permitted by law, the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in

the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability as it relates to the City, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this **Section** shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The fees, charges and expenses of the Dissemination Agent in connection with its administration of this Continuing Disclosure Agreement shall be paid in the same manner as the fees and expenses of the trustee as provided in the Bond Indenture.

Section 10. Notices. Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given by registered or certified mail, return receipt requested, or by confirmed facsimile, or delivered in person or by overnight courier, and will be deemed given on the second day following the date on which the notice or communication is so mailed, as follows:

To the City:	City of Harrisonville, Missouri 300 East Pearl Harrisonville, Missouri 64701 Attention: City Administrator Facsimile: (816) 860-8906
To the Dissemination Agent:	Security Bank of Kansas City 701 Minnesota Avenue, Suite 206 Kansas City, Kanas 66101 Attention: Corporate Trust Department Facsimile: (913) 279-7960

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 11. Beneficiaries. Subject to the limitation on remedies contained in **Section 9** of this Continuing Disclosure Agreement, this Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. Severability. If any provision in this Continuing Disclosure Agreement 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 13. Counterparts. This Continuing Disclosure 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 14. Electronic Transactions. The arrangement described herein may be conducted and related documents may be stored, sent or received by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

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

(*Remainder of this page intentionally left blank*)

IN WITNESS WHEREOF, the City and the Dissemination Agent have caused this Continuing Disclosure Agreement to be executed as of the day and year first above written.

CITY OF HARRISONVILLE, MISSOURI

By:_____
Mayor

[SEAL]

ATTEST:

By:_____
City Clerk

SECURITY BANK OF KANSAS CITY, as
Dissemination Agent

By:_____
Title:_____

EXHIBIT A

NOTICE OF FAILURE TO FILE CITY ANNUAL REPORT

Name of Bond Issuer:	City of Harrisonville, Missouri
Name of Bond Issue:	$_____ Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project0 Series 2018
Name of Obligated Person:	City of Harrisonville, Missouri (the "City")
Date of Issuance:	April ___, 2018

NOTICE IS HEREBY GIVEN that the City has not filed a City Annual Report with respect to the above-named bonds as required by the Continuing Disclosure Agreement, dated as of April 1, 2018, among the City and Security Bank of Kansas City, as Dissemination Agent. The City has informed the Dissemination Agent that the City anticipates that the City Annual Report will be filed by _____.

Dated: _____ ___, _____

SECURITY BANK OF KANSAS CITY, as
Dissemination Agent, on behalf of the City

cc: City of Harrisonville, Missouri

EXHIBIT B

FORM OF CITY ANNUAL REPORT

This report is prepared and delivered pursuant to the Continuing Disclosure Agreement, dated as of April 1, 2018, among the City of Harrisonville, Missouri and Security Bank of Kansas City, as Dissemination Agent.

Annual Reporting Period From January 1 to December 31, 20__

1. The following amounts have been deposited into the following accounts of the Revenue Fund during the Annual Reporting Period set forth above:

(i)	TIF Revenues Account	$_____
(ii)	TDD Sales Tax Account	$_____
(iii)	City Revenues Account	$_____
(ii)	any other amounts deposited to the Revenue Account	$_____

2. The principal amount of Bonds redeemed since the last City Annual Report is $_____.

3. The principal amount of Bonds redeemed since the date of issuance of the Bonds is $_____, and the outstanding principal amount of the Bonds is $_____ as of the end of the Annual Reporting Period set forth above.

4. Attached hereto is a list of the businesses located in the Redevelopment Area which remitted sales taxes for retail sales within the Redevelopment Area during the last Annual Reporting Period and were open for business as of December 31 of the most recently ended Annual Reporting Period.

5. Attached hereto is a table showing the assessed valuation of each parcel of the real property within the Redevelopment Area for the most recently ended Annual Reporting Period.

NEW ISSUE **S&P RATING: "A"**
Book-Entry Only **See "RATINGS" herein**

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

$5,580,000
CITY OF HARRISONVILLE, MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT AND SALES TAX REFUNDING REVENUE BONDS (HARRISONVILLE TOWNE CENTER PROJECT) SERIES 2018

Maturities, Principal Amounts, Interest Rates, Prices, Yields and CUSIP Numbers are shown on the Inside Cover Page

The Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2018 (the "Bonds") are being issued by the City of Harrisonville, Missouri (the "City") pursuant to a Trust Indenture, dated as of April 1, 2018 (the "Indenture"), between the City and Security Bank of Kansas City, Kansas City, Kansas, as trustee (the "Trustee"). The Bonds are being issued for the purpose of providing funds to (i) currently refund the Series 2007 Bonds and thereby refinance certain reimbursable project costs incurred in connection with Redevelopment Project I (as such terms are defined herein), and (ii) pay costs related to the issuance of the Bonds.

The Bonds are special, limited obligations of the City payable solely from (i) Payments in Lieu of Taxes, (ii) subject to annual appropriation by the City, Economic Activity Tax Revenues, (iii) subject to annual appropriation by the TDD, Net TDD Sales Tax, (iv) subject to annual appropriation by the City, City Revenues and (v) certain moneys on deposit under the Indenture.

The Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry only form, in denominations of $5,000 and or integral multiple thereof. So long as Cede & Co. is the registered owner of the Bonds, purchasers of beneficial interests ("Beneficial Owners") will not receive certificates representing their interests in the Bonds, payments of the principal of, premium, if any, and interest on the Bonds will be made directly to DTC or Cede & Co., and references herein to the owners of the Bonds shall mean Cede & Co. See the section herein captioned "THE BONDS - Book-Entry Only System." Interest on the Bonds will be payable semiannually on May 1 and November 1 in each year, beginning on November 1, 2018.

The Bonds are subject to redemption prior to maturity in certain circumstances as described in this Official Statement under the caption "THE BONDS – Redemption."

Prospective investors are advised that none of the property comprising the Project (as such term is defined herein) is pledged as security for the Bonds. There is no mortgage securing the Bonds.

The Bonds are subject to certain risks. See the caption "BONDHOLDERS' RISKS" in this Official Statement.

The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Bryan Cave Leighton Paisner LLP, Kansas City, Missouri, Bond Counsel. Certain legal matters related to this Official Statement will be passed upon by Bryan Cave Leighton Paisner LLP. McLiney And Company is serving as financial advisor to the City in connection with the issuance of the Bonds. Certain legal matters will be passed upon for the City by Bryan Cave Leighton Paisner LLP, Kansas City, Missouri. Gilmore & Bell, P.C., St. Louis, Missouri serves as counsel to the Underwriter. It is expected that the Bonds will be available for delivery on or about April 26, 2018.

STIFEL

The date of this Official Statement is April 16, 2018

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, PRICES AND CUSIP NUMBERS

$5,580,000
CITY OF HARRISONVILLE, MISSOURI
ANNUAL APPROPRIATION-SUPPORTED
TAX INCREMENT AND SALES TAX REFUNDING REVENUE BONDS
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

Dated: Date of Initial Delivery

Serial Bonds

Maturity Date (November 1)	Principal Amount	Interest Rate	Price	CUSIP Numbers[1]
2018	$400,000	2.000%	100.071%	415745AM0
2019	460,000	3.000	101.468	415745AN8
2020	470,000	3.000	101.970	415745AP3
2021	485,000	3.000	102.145	415745AQ1
2022	500,000	3.000	102.207	415745AR9
2023	515,000	3.000	102.042	415745AS7
2024	500,000	3.000	101.481	415745AT5
2025	540,000	2.625	98.154	415745AU2
2026	555,000	2.750	98.133	415745AV0
2027	570,000	3.000	99.507	415745AW8
2028	585,000	3.000	98.842	415745AX6

[1] CUSIP Numbers have been assigned to this issue by CUSIP Global Services, as managed for the American Bankers Association by S&P Global Market Intelligence, and are included solely for the convenience of the Bondowners. Neither the City nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

CITY OF HARRISONVILLE, MISSOURI
300 East Pearl
Harrisonville, Missouri 64701
(816) 380-8900

MAYOR AND BOARD OF ALDERMEN

Brian Hasek - Mayor
Brad Bockelman – Alderman Ward 1
Judy Bowman – Alderman Ward 1
Judy Reece – Alderman Ward 2
Marcia Milner – Alderman Ward 2
David Dickerson – Alderman Ward 3
Clint Long – Alderman Ward 3
Matt Turner – Alderman Ward 4
Jessica Levsen – Alderman Ward 4

ADMINISTRATIVE OFFICERS

Happy Welch, City Administrator
Marcella McCoy, Director of Finance
Randall K. Jones, City Clerk

PROFESSIONAL SERVICE PROVIDERS

BOND COUNSEL

Bryan Cave Leighton Paisner LLP
Kansas City, Missouri

CITY'S FINANCIAL ADVISOR

McLiney And Company
Kansas City, Missouri

INDEPENDENT AUDITORS

Dana F. Cole & Co. LLP
Overland Park, Kansas

TRUSTEE

Security Bank of Kansas City
Kansas City, Kansas

UNDERWRITER

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

UNDERWRITER'S COUNSEL

Gilmore & Bell, P.C.
St. Louis, Missouri

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter or by any person to give any information or to make any representation with respect to the 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 any offer to buy nor shall there be any offer, solicitation or sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not so expressly described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from the City and other sources which are believed to be reliable. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion 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 UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 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 BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE 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 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.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United State Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan", "expect", "estimate", "anticipate", "budget" or other similar words. Such forward looking statements include, among others, certain statements under the sections in this Official Statement captioned "**PLAN OF FINANCING**," "**PROJECTED NET REVENUES AND DEBT SERVICE COVERAGE**," "**BONDOWNERS' RISKS**," "**THE HARRISONVILLE TOWNE CENTER PROJECT**," "**THE HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT AND TDD SALES TAX**," and in **Appendix A** and **Appendix E** to this Official Statement.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (iii) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE.

UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE CITY ON THE DATE HEREOF, AND THE CITY ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN THE EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS INDICATED UNDER THE CAPTION "CONTINUING DISCLOSURE."

TABLE OF CONTENTS

Page

INTRODUCTION 1
- Purpose of the Memorandum 1
- The City 1
- The Bonds 1
- Proceedings Regarding the Redevelopment Area and the Redevelopment Project 2
- Harrisonville Towne Center Project 2
- The Harrisonville Towne Center Transportation Development District and TDD Sales Tax 2
- Security for the Bonds 3
- Bondowners' Risks 4
- Continuing Disclosure 4
- Definitions, Summaries of Documents and Additional Information 4

TAX INCREMENT FINANCING IN MISSOURI 4
- Overview 4
- The TIF Act 5
- Assessment and Collection of Ad Valorem Taxes 6
- Collection of Economic Activity Tax Revenues 8

THE HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT AND TDD SALES TAX 9
- Transportation Development District 9
- TDD Agreement 10

THE BONDS 10
- Authorization; Description of the Bonds 10
- Redemption Provisions 11
- Transfer and Exchange 12
- CUSIP Numbers 12
- Book-Entry System 12

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS 14
- Limited Obligations; Sources of Payment 14
- Pledged Revenues 15
- Transfers and Deposits to the Revenue Fund 17
- Application of Moneys in Revenue Fund 17

PLAN OF FINANCING 19
- Estimated Sources and Uses of Funds 19
- Refinancing 19

THE HARRISONVILLE TOWNE CENTER PROJECT 19
- Overview of the Redevelopment Area 19
- The Project 19
- Historical Collections of Pledged Revenues 22

DEBT SERVICE REQUIREMENTS FOR THE BONDS 22

BONDOWNERS' RISKS 23
- Nature of the Obligations 23
- Risk of Non-Appropriation 23
- Reliance on Developer, Tenants and Property Owners 23
- No Mortgage 24
- Lease Terms 24
- Failure to Maintain Levels of Assessed Valuation 24
- Exempt Properties; Tax Abatement or Rebate 25
- Tax Increment Financing Litigation – In General 25
- Changes in State and Local Tax Laws 25

Reductions in State and Local Tax Rates 25
Development of Property within Redevelopment Project Area I 26
Limitations on Remedies 26
Changes in Economic and Market Conditions 26
Factors Affecting Economic Activity Tax Revenues and TDD Sales Tax Revenues 26
Early Redemption of the Bonds 27
Risk of Taxability 27
Risk of Audit 27
Secondary Market for the Bonds 27
Forward-Looking Statements 28
LITIGATION 28
LEGAL MATTERS 29
TAX MATTERS 29
Opinion of Bond Counsel 29
Other Tax Consequences 30
CONTINUING DISCLOSURE 31
FINANCIAL ADVISOR 31
UNDERWRITING 31
RATINGS 32
CERTAIN RELATIONSHIPS 32
MISCELLANEOUS 32

Appendix A – Information Regarding the City of Harrisonville, Missouri
Appendix B – Financial Statements of the City
Appendix C – Definitions of Words and Terms; Summaries of Certain Documents
Appendix D – Form of Opinion of Bond Counsel
Appendix E – Form of Continuing Disclosure Agreement

(THIS PAGE INTENTIONALLY LEFT BLANK)

OFFICIAL STATEMENT

$5,580,000
CITY OF HARRISONVILLE, MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT
AND SALES TAX REFUNDING REVENUE BONDS
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement.

Purpose of the Memorandum

The purpose of this Official Statement is to furnish information relating to (i) the City of Harrisonville, Missouri (the "**City**"), (ii) the City's Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2018 (the "**Bonds**") to be issued in the aggregate principal amount of $5,580,000, and (iii) the project to be refinanced with the proceeds of the Bonds (the "**Redevelopment Project I**"), which was previously refinanced with the proceeds of the City's Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2007 (the "**Series 2007 Bonds**"), originally issued in the aggregate principal amount of $8,630,000 and which remain outstanding in the aggregate principal amount of $6,240,000 of as of the date of this Official Statement. For the definition of certain capitalized terms used in this Official Statement and not otherwise defined, see **Appendix C** hereto.

The City

The City is a fourth-class city and political subdivision of the State of Missouri (the "**State**"). The City is the county seat of Cass County, Missouri and is located in the southern portion of the Kansas City Metropolitan Statistical Area. See **Appendix A** to this Official Statement for certain economic and demographic information regarding the City.

The Bonds are not a general obligation of the City and are payable solely from the revenues described in this Official Statement. The information regarding the City contained in Appendix A should not be construed as an indication that the 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 BONDS" in this Official Statement.

The Bonds

The Bonds are being issued pursuant to the provisions of the TIF Act (as defined herein) and the Trust Indenture, dated as of April 1, 2018 (the "**Indenture**"), between the City and Security Bank of Kansas City, Kansas City, Kansas, as trustee (the "**Trustee**") for the purpose of providing funds to (i) currently refund the Series 2007 Bonds on May 17, 2018 (the "**Redemption Date**") (see "**PLAN OF FINANCING – Refinancing**" herein), (ii) pay the costs related to the issuance of the Bonds. The Series 2007 Bonds were issued to refinance the costs of certain reimbursable project costs incurred in connection with Redevelopment Project I undertaken in connection with the implementation of the Harrisonville Towne Center Tax Increment Financing Plan (as amended, the "**Redevelopment Plan**"). A description of the Bonds is contained in this Official Statement under the caption "**THE BONDS**." All references to the

Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Indenture. For additional information relating to Redevelopment Project I and the Plan, see the caption "**THE HARRISONVILLE TOWNE CENTER PROJECT**" in this Official Statement.

The Bonds are subject to redemption prior to maturity as described herein. See "**THE BONDS – Redemption Provisions**" herein.

The Bonds are payable only from the Pledged Revenues as described in this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledged Revenues." Such Pledged Revenues (other than funds held by the Trustee under the terms of the Indenture) will be comprised solely of Payments in Lieu of Taxes related to Redevelopment Project I, Economic Activity Tax Revenues related to Redevelopment Project I, Net TDD Sales Tax and City Revenues.

Proceedings Regarding the Redevelopment Area and the Redevelopment Project

In 2005, pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865 of the Revised Statutes of Missouri, as amended (the "**TIF Act**"), the City implemented tax increment financing in an approximate 42-acre area of the City generally located at the northeast corner of U.S. Highway 71 and Commercial Street within the corporate limits of the City (as further identified in the Redevelopment Plan, the "**Redevelopment Area**") by adopting all ordinances approving the Redevelopment Plan and Redevelopment Project I. The Redevelopment Plan provides for the development and financing of a retail center to be known as "Harrisonville Towne Center" in multiple phases. The Bonds are being issued to refinance certain reimbursable project costs incurred in connection with Redevelopment Project I.

Harrisonville Towne Center Project

The City selected D.J. Christie, Inc., as assigned to Harrisonville Partners, LLC (the **Developer**"), to implement the Redevelopment Plan and entered into Redevelopment Agreement ("**Redevelopment Agreement**") with the Developer for the implementation of the Redevelopment Plan. See **Appendix C** to this Official Statement for a summary of the Redevelopment Agreement. See the caption "**THE HARRISONVILLE TOWNE CENTER PROJECT**" in this Official Statement.

The Harrisonville Towne Center Transportation Development District and TDD Sales Tax

Pursuant to the provisions of Sections 238.200 to 238.280 of the Revised Statutes of Missouri (the "**TDD Act**"), The Harrisonville Towne Center Transportation Development District (the "**TDD**") has been formed as a political subdivision of the State of Missouri.

The TDD was created for the purpose of financing a portion of the costs of certain transportation improvements within and benefiting Redevelopment Project Area I. In order to provide such funds, the Board of Directors of the TDD has authorized a one-percent sales tax (the "**TDD Sales Tax**") on retail sales occurring on the real property located within the TDD. Fifty percent (50%) of the revenues from the TDD Sales Tax (the "**TIF Portion of TDD Revenues**") which are generated by economic activities within Redevelopment Project I, but excluding certain items as described in the TIF Act, will be captured as Economic Activity Tax Revenues pursuant to the TIF Act and will be available, subject to annual appropriation by the City, as Pledged Revenues for payment of the Bonds under the Indenture. See the captions "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**" and "**THE HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT AND THE TDD SALES TAX**" in this Official Statement.

Subject to the terms of the Indenture and the TDD Agreement, the Net TDD Sales Tax will be pledged to the payments of the Bonds and represents a portion of the Pledged Revenues. Net TDD Sales Tax means, subject to annual appropriation by the board of directors of the TDD, the amount of TDD Sales Tax

revenues received from the Department of Revenue (as defined below) and deposited into the TDD Sales Tax Trust Fund, after deducting (i) one percent (1%) of the total TDD Sales Tax received from the Department of Revenue payable to the City for an administrative fee, (ii) the Economic Activity Tax Revenues that are transferred to the City for deposit into the TDD Sales Tax Account of the Special Allocation Fund, and (iii) such additional amounts as needed for the City to maintain a balance of $1,000 in funds available to the City to enforce collection of the TDD Sales Tax, which Net TDD Sales Tax revenues the TDD will transfer, or cause to be transferred, to the Trustee for deposit into the TDD Sales Tax Account of the Revenue Fund pursuant to the TDD Agreement and the Indenture. Net TDD Sales Tax revenues do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer and (ii) any sum received by the TDD which is the subject of a suit or other claim communicated to the TDD which suit or claim challenges the collection of such sum.

Security for the Bonds

The Indenture and Trust Estate. The Bonds and the interest thereon are special, limited obligations of the City, payable solely from the Pledged Revenues held by the Trustee as provided in the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the Owners of the Bonds, as provided in the Indenture. The "**Trust Estate**" consists of all right, title and interest of the City in the Pledged Revenues pledged by the City, and all other moneys and securities from time to time held by the Trustee under the Indenture (except payments required to be made to meet the requirements of Section 148(f) of the Internal Revenue Code of 1986, as amended, whether or not held in the Rebate Fund).

Pursuant to the Indenture, the City has pledged, as security for the payment of the Bonds, all of its rights and interests in (i) the Payments in Lieu of Taxes generated in Redevelopment Project Area I, (ii) subject to annual appropriation by the City, the Economic Activity Tax Revenues generated in Redevelopment Project Area I, (iii) subject to annual appropriation by the TDD, the Net TDD Sales Tax, and (iv) subject to annual appropriation by the City, any City Revenues and has covenanted to make monetary transfers of such funds to the Trustee. The City has covenanted and agreed to take all lawful action within its control to cause the County Assessor of Cass County, Missouri to assess the real property and improvements within the Redevelopment Area at the times and in the manner required by the TIF Act and take such lawful action within its control as may be required to cause the County Collector of Cass County, Missouri and all other persons to pay all Economic Activity Tax Revenues which are due to the City under the TIF Act. The City further covenants in the Indenture that the City officer responsible for formulating the City budget will be directed to include in the budget proposal submitted to the Board of Aldermen in each fiscal year that the Bonds are outstanding a request for an appropriation of Economic Activity Tax Revenues on deposit in the Special Allocation Fund.

No Mortgage or General Obligation. The Bonds are not secured by a mortgage on any property in the Redevelopment Area. However, under the TIF Act, Payments in Lieu of Taxes that are due and owing constitute a lien against the real estate in Redevelopment Project Area I from which they are derived. Upon a default in the payment of any Payments in Lieu of Taxes on real property in the Redevelopment Project Area I, the lien for such unpaid Payments in Lieu of Taxes may be enforced as provided by Missouri law. See the caption "**TAX INCREMENT FINANCING IN MISSOURI - Assessment and Collection of Ad Valorem Taxes**" in this Official Statement.

THE BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF AND DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON

THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.

Prospective investors are advised that none of the property in the Redevelopment Area is pledged as security for the Bonds. See the caption "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**" in this Official Statement.

No recourse shall be had for the payment of the principal of or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture or the Redevelopment Agreement, 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

The Bonds involve a high degree of risk, and prospective purchasers should read the section herein captioned "**BONDOWNERS' RISKS**." The Bonds may not be suitable investments for all persons, and prospective purchasers should carefully evaluate the risks and merits of an investment in the Bonds, should confer with their own legal and financial advisors and should be able to bear the risk of loss of their investment in the Bonds before considering a purchase of the Bonds.

Continuing Disclosure

In connection with the issuance of the Bonds, the City will enter into a Continuing Disclosure Agreement and agree to provide continuing disclosure information as required by Rule 15c2-12 of the Securities and Exchange Commission. See **Appendix E** to this Official Statement for the form of the Continuing Disclosure Agreement.

Definitions, Summaries of Documents and Additional Information

Appendices A and **B** to this Official Statement contains information regarding the City. Definitions of certain words and terms used in this Official Statement and summaries of certain Financing Documents are included in this Official Statement in **Appendix C**. **Appendix E** to this Official Statement contains the form of the Continuing Disclosure Agreement. 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 the Underwriter and will be provided to any prospective purchaser requesting the same upon payment of the cost of complying with such request. **Appendix D** contains the proposed form of opinion which is anticipated to be rendered by Bond Counsel at the time of delivery of the Bonds.

TAX INCREMENT FINANCING IN MISSOURI

Overview

Tax increment financing is an economic development tool whereby cities and counties encourage the redevelopment of designated areas. The theory of tax increment financing is that, by encouraging redevelopment projects, the value of real property in a redevelopment area should increase and, if the redevelopment project includes establishments that pay sales and other economic activity taxes, the amounts of economic activity taxes generated by the redevelopment area should also increase.

When tax increment financing is adopted for a redevelopment area, the assessed value of real property in the redevelopment area is frozen for tax purposes at the current base level prior to the construction of improvements. The owners of the property continue to pay property taxes at the base level. As the property is improved, the assessed value of real property in the redevelopment area should increase above the base level. By applying the tax rate of all taxing districts having taxing power within the redevelopment area to the increase in assessed valuation of the improved property over the base level, a "tax increment" is produced. The annual tax increments (referred to as "payments in lieu of taxes" or "PILOTS" and more fully defined herein under the section captioned "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledged Revenues**") are paid by the owners of property in the same manner as regular property taxes. The payments in lieu of taxes are transferred by the collecting agency to the treasurer of the city or county and deposited in the PILOTS account of a "special allocation fund." Similarly, an amount (referred to as "economic activity tax revenues" and more fully defined herein under the section captioned "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledged Revenues**") attributable to 50% of the increase in tax revenues generated by economic activities within the redevelopment area (including sales and utilities taxes, but excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or sales taxes other than payments in lieu of taxes) are transferred by the collecting agency to the treasurer of the city or county and deposited in an economic activity tax account of such special allocation find. All or a portion of the moneys in the special allocation fund are used to pay redevelopment project costs or to retire bonds or other obligations issued to pay such costs.

The TIF Act

The TIF Act was enacted in 1982 and has been amended several times in subsequent years. The constitutional validity of the TIF Act (prior to the amendments) was upheld by the Missouri Supreme Court in *Tax Increment Financing Commission of Kansas City, Missouri v. J.E. Dunn Construction Co., Inc.*, 781 S.W.2d 70 (Mo. 1989). The TIF Act authorizes cities and counties to provide long-term financing for redevelopment projects in "blighted," "conservation" and "economic development" areas (as defined in the TIF Act) through the issuance of bonds and other obligations. Prior to the amendments to the TIF Act, such obligations were payable solely from PILOTs derived from the redevelopment area. As a result of amendments to the TIF Act, such obligations are also payable from economic activity tax revenues derived from the redevelopment area, except those economic activity tax revenues expressly excluded in the TIF Act. See the caption "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Revenues**" in this Official Statement. The validity of certain portions of amendments to the TIF Act relating to the capture of economic activity tax revenues was upheld by the Missouri Supreme Court in County of *Jefferson v. QuikTrip Corporation*, 912 S.W.2d 487 (Mo. 1995).

The TIF Act was amended in 2014, to provide that, after August 28, 2014, if voters in a taxing district vote to approve increases in real property tax levy rates, any additional revenues generated within an existing redevelopment project area that are directly attributable to the newly voter-approved incremental increase in such levy rate shall not be considered payments in lieu of taxes subject to deposit into a special allocation fund without the consent of such taxing district. Revenues are considered directly attributable to the newly voter-approved incremental increase to the extent that they are generated from the difference between the taxing district's actual levy rate currently imposed and the maximum voter approved levy rate at the time that the redevelopment project was adopted.

In addition to limiting the capture as TIF payments in lieu of taxes of real property taxes approved by voters after August 28, 2014, the TIF Act's 2014 amendments also provided that when 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 sales or use tax rate are not considered economic activity taxes subject to deposit into a special allocation fund unless such taxing district gives its consent to such capture.

Because the statutory amendments imposing the requirements discussed above are relatively new and because existing real property tax rates are subject to adjustment and rollback pursuant to the Hancock Amendment, it is not possible to predict with certainty how the amendments will be interpreted and how the amount of "additional revenues generated within an existing redevelopment project area that are directly attributable to the newly voter-approved incremental increase" will be determined with respect to both PILOTS and Economic Activity Tax Revenues.

It is not possible to predict whether additional amendments to the TIF Act will be proposed in future Missouri legislative sessions, the nature of any such future proposed amendments, or whether such future proposed amendments will become law. In connection with any proposed amendments to the TIF Act that may be introduced in future legislative sessions, it is not possible to predict the nature of such proposed amendments or whether such proposed amendments to the TIF Act will become law during future sessions of the General Assembly.

Although PILOTs may be irrevocably pledged to the repayment of bonds, economic activity tax revenues are subject to annual appropriation by the governing body of the city or county, and there is no obligation on the part of the governing body to appropriate economic activity tax revenues in any year. See the captions "**BONDOWNERS' RISKS – Non-Appropriation**" and "**BONDOWNERS' RISKS – Factors Affecting Economic Activity Tax Revenues**" in this Official Statement.

Assessment and Collection of Ad Valorem Taxes

General. The City and the Redevelopment Area are located within Cass County, Missouri (the "**County**"). On or before September 1 in each year, each political subdivision located within the County which imposes ad valorem taxes (the "**Taxing Districts**") is required to estimate the amount of taxes that will be required during the next succeeding fiscal year to pay interest falling due on general obligation bonds issued and the principal of bonds maturing in such year and the costs of operation and maintenance plus such amounts as shall be required to cover emergencies and anticipated tax delinquencies. The Taxing Districts certify the amount of such taxes which shall be levied, assessed and collected on all taxable tangible property in the County to the County Assessor by September 1.

All taxes levied must be based upon the assessed valuation of land and other taxable tangible property in the County as shall be determined by the records of the County Assessor and must be collected and remitted to the Taxing Districts. All the laws, rights and remedies provided by the laws of the State for the collection of State, county, city, school and other ad valorem taxes are applicable to the collection of taxes authorized to be collected in the Redevelopment Area.

The Missouri Constitution requires uniformity in taxation of real property by directing such property to be subclassed as agricultural, residential or commercial and permitting different assessment ratios for each subclass. Agricultural real property is currently assessed at 12% of true value in money, residential property is currently assessed at 19% of true value in money and commercial, industrial and all other real property is assessed at 32% of true value in money. The phrase "true value in money" has been held to mean "fair market value" except with respect to agricultural property.

Real property within the County is assessed by the County Assessor. The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The Board of Equalization has the authority to question and determine the proper values of real property and then adjust and equalize individual properties appearing on the tax rolls. The County Collector collects taxes for all Taxing Districts within the County limits. The County Collector deducts a commission for its services. After such collections and deductions of commission, taxes are distributed according to the Taxing District's pro rata share.

Taxes are levied on all taxable property based on the equalized assessed value thereof determined as of January 1 in each year. Under Missouri law, each property must be reassessed every two years (in odd-numbered years). The County Collector prepares the tax bills and mails them to each taxpayer in September. Payment is due by December 31, after which taxes become delinquent and accrue a penalty of one percent per month. In the event of an increase in the assessed value of a property, notice of such increase must be given to the owner of the affected property, which notice is generally given in March.

Valuation of Real Property. The County Assessor must determine the assessed value of a property based upon the State law requirement that property be valued at its true value in money. For agricultural land, true value is based on its productive capability. As to residential and commercial property, true value in money is the fair market value of the property on the valuation date. The fair market value is arrived at by using the three universally recognized approaches to value: cost approach, the sales comparison approach and the income approach.

The cost approach is typically applied when a property is newly constructed and is based on the principle of substitution. This principle states that no informed buyer will pay more for a property than the cost to reproduce or replace the property. Value is determined under the cost approach by adding the estimated land value to the replacement or reproduction cost reduced by estimated depreciation. Courts have held however, that construction cost alone is not a proper basis for determining true value in money and that all factors which affect the use and utility of the property must be considered.

The sales comparison approach determines value based upon recent sales prices of comparable properties. Comparable sales are adjusted for differences in properties by comparing such items as sales price per square foot and net operating income capitalization rates.

The income approach estimates market value by discounting to present value a stream of estimated net operating income. First, the property's gross potential income is estimated based on gross rents being generated at the property. A vacancy allowance is then deducted to arrive at effective gross income. Next, allowable operating expenses are deducted to arrive at an estimate of the property's net operating income. Finally, the net operating income is divided by an appropriate capitalization rate to arrive at the estimated present value of the income stream.

Certain properties, such as those used for charitable, educational, and religious proposes, are excluded from both the real estate ad valorem tax and personal property tax. In addition, pursuant to various State statutes, the City and other public entities may grant real estate tax abatement, under certain conditions, to businesses building or rehabilitating property within their boundaries.

Appeal of Assessment. State statutes establish various mechanisms for a property owner to appeal the assessment of a tax on its property. Typically, there are four issues that can be raised in property tax appeals: overvaluation, uniformity, misclassification and exemption. Overvaluation appeals are the most common appeals presented by taxpayers. An overvaluation appeal requires the taxpayer to prove that the true value in money of the property is less than that determined by the assessor. Uniformity appeals are based on the assertion that other property in the same class and county as the subject property is assessed at a lower percentage of value than the subject property. A misclassification appeal is based on an assertion that assessing authorities have improperly subclassed a property. Exemption appeals are based on claims that the property in question is exempt from taxation.

Overvaluation appeals generally must be made administratively, first to the Board of Equalization and then to the State Tax Commission, within prescribed time periods following notice of an increase in assessment. Appeals to the Board of Equalization must be filed with the County Clerk as Secretary of the Board of Equalization on or before the third Monday in June of each year. Appeals to the State Tax Commission must be filed by the later of December 31 or 30 days after the date of the final decision of the Board of Equalization. Where valuation is not an issue, appeals must be taken directly to the State circuit

court rather than the State Tax Commission. If an appeal is pending on December 31, the due date for the payment of taxes, State statutes provide a procedure for the payment of taxes under protest. If taxes are paid but not under protest, the taxpayer cannot recover the amount paid unless the taxes have been mistakenly or erroneously paid. Application for a refund of mistakenly or erroneously paid taxes must be made within one year after the tax in dispute was paid. Typically, only that portion of the taxes being disputed is identified as being paid under protest, unless a claim of exemption is being asserted. The portion of the tax paid under protest is required to be held in an interest bearing account. Unless an appeal before the Board of Equalization or State Tax Commission is pending, suit must be brought by the taxpayer to resolve the dispute within 90 days, or the escrowed funds will be released to the Collector of Revenue and distributed to the Taxing Districts.

No owner of any property located within the Redevelopment Area is restricted from appealing the determination of the assessed value of any such property. Any appeals, however, will be required to be conducted in the manner as summarized above under current law.

Reassessment and Tax Rate Rollback. As previously stated, a general reassessment of all property in the State is required to be conducted every two years. When, as a result of such reassessment, the assessed valuation within a Taxing District increases by more than an allowable percentage, the Taxing District is required to roll back the rate of tax within the Taxing District so as to produce substantially the same amount of tax revenue as was produced in the previous year increased by an amount called a "preceding valuation factor." A "preceding valuation factor" is a percentage increase or decrease based on the average annual percentage changes in total assessed valuation of the County over the previous three or five years, whichever is greater, adjusted to eliminate the effect of boundary changes, changes from State to County assessed property, general reassessment and State ordered changes.

The Hancock Amendment. An amendment to the Missouri Constitution limiting taxation and government spending was approved by Missouri voters on September 4, 1980, and went into effect with the 1981-82 fiscal year. The amendment (Article X, Sections 16 through 24 of the Missouri Constitution, and popularly known as the Hancock Amendment) limits the rate of increase and the total amount of taxes that shall be imposed in any fiscal year, and provides that the limit shall not be exceeded without voter approval. Provisions are included in the Hancock Amendment for rolling back tax rates to produce an amount of revenues equal to that of the previous year if the definition of the tax base is changed or if property is reassessed. The tax levy on the assessed valuation of new construction is exempt from this limitation in the initial year of new construction. The limitation on local governmental units also does not apply to taxes imposed for the payment of principal of, premium, if any, and interest on bonds approved by the requisite percentage of voters.

Tax Delinquencies. Taxes and payments in lieu of taxes due upon any real estate within the Redevelopment Project Area I remaining unpaid on the first day of January, annually, are delinquent, and the County Collector is empowered to enforce the lien of the taxing jurisdictions thereon. Whenever the County Collector is unable to collect any taxes on the tax roll, having diligently endeavored and used all lawful means to do so, be is required to compile lists of delinquent tax bills collectible by him. All lands and lots on which taxes are delinquent and unpaid are subject to suit to collect delinquent tax bills or suit for foreclosure of the tax liens. Upon receiving a judgment, the sheriff must advertise the sale and the land, fixing the date of sale within 30 days after the first publication of the notice. Delinquent taxes, with penalty, interest and costs, may be paid to the County Collector at any time before the property is sold therefor. No action for recovery of delinquent taxes shall be valid unless initial proceedings therefor are commenced within five years after delinquency of such taxes.

Collection of Economic Activity Tax Revenues

The economic activity taxes that will be pledged to the payment of the Bonds, subject to annual appropriation, are 50% of the total additional revenue from taxes imposed by the City or other Taxing

Districts which are generated by economic activities within the Redevelopment Area over the amount of such taxes generated by economic activities within the Redevelopment Area in calendar year 2004, but excluding taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees, special assessments and PILOTS (as described and determined in accordance with the TIF Act). See the caption "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledged Revenues**" in this Official Statement.

Retail businesses are required to collect the sales tax from purchasers at the time of sale, and pay said amounts to the Missouri Department of Revenue (the "**Department of Revenue**") with the filing of returns, except for the sales tax on motor vehicles, trailers, boats and outboard motors, which is due at the time application is made for title and registration. The sales volume of a retail business determines the frequency of payments made to the Department of Revenue. In most cases, the retail businesses in the City make monthly payments to the Department of Revenue, which are due on the twentieth day of each calendar month for sales taxes collected in the preceding calendar month if such preceding calendar month is either the first or second month of a calendar quarter, or on the last day of the month for sales taxes collected in the preceding calendar month if such preceding calendar month is the end of a calendar quarter. Retail businesses located in the City submit applications to the City for a merchant's license and an occupancy permit, and before such license and permit are awarded verification of a tax identification number from the State is made by the City. In the event of a failure by a retail business to remit sales taxes, interest and penalties, the unpaid amount may become a lien in the nature of a judgment lien against the delinquent taxpayer. In the event of overpayment by any retail business as a result of error or duplication, provision is made under State law for refunds.

Pursuant to the State law, taxpayers who promptly pay their sales taxes are entitled to retain 2% of the amount of taxes owed.

Within 30 days of receipt of sales taxes by the Department of Revenue, the Director of the Department of Revenue remits to the State Treasurer for deposit in a special trust fund for the benefit of each political subdivision entitled to a sales tax distribution the amount of such sales tax receipts less 1% of such amount which constitutes a fee paid to the State for collecting and distributing the tax. The State Treasurer then distributes moneys on deposit in the special trust fund on behalf of each such political subdivision to such political subdivision on a monthly basis.

THE HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT AND TDD SALES TAX

Transportation Development District

Pursuant to the provisions of Sections 238.200 to 238.280 of the Revised Statutes of Missouri (the "**TDD Act**"), The Harrisonville Towne Center Transportation Development District (the "**TDD**") has been formed as a political subdivision of the State of Missouri. The TDD was created for the purpose of financing a portion of the costs of certain transportation improvements within and benefiting Redevelopment Project Area.

The Board of Directors of the TDD adopted a resolution authorizing a one percent sales tax for a period of 25 year from the date the sale tax is first imposed (the "**TDD Sales Tax**"). In December, 2005, the TDD filed a Unanimous Petition of Property Owners to Establish a One Percent Sales Tax for the Harrisonville Towne Center Transportation Development District in the Circuit County of Cass County, Missouri. The TDD Sales Tax went into effect on January 1, 2006. The collection of the TDD Sales Tax is conducted in the same manner as other sales taxes in the state of Missouri (see the caption "**TAX INCREMENT FINANCING IN MISSOURI – Collection of Economic Activity Tax Revenues**" above for a description of such method).

TDD Agreement

The City and the TDD entered into a Cooperative Agreement, dated December 22, 2005, as amended pursuant to a First Amendment to Cooperative Agreement (collectively, the "**TDD Agreement**") which sets out the priority of payment of the TDD Sales Tax revenues. Pursuant to the TIF Act and the TIF Plan, 50% of the revenues from the TDD Sales Tax levied on Redevelopment Project Area I will be captured as Economic Activity Tax Revenues and transferred by the TDD to the City for deposit into the Special Allocation Fund maintained by the City (the "**TIF Portion of TDD Revenues**"). Pursuant to the TDD Agreement, the TDD and the City have agreed to deposit the TDD Sales Tax revenues received from the Department of Revenue into the TDD Sales Tax Trust Fund, after deducting (i) one percent (1%) of the total TDD Sales Tax received from the Department of Revenue payable to the City for an administrative fee, (ii) the Economic Activity Tax Revenues that are transferred to the City for deposit into the TDD Sales Tax Account of the Special Allocation Fund, and (iii) such additional amounts as needed for the City to maintain a balance of $1,000 in funds available to the City to enforce collection of the TDD Sales Tax, which Net TDD Sales Tax revenues the TDD will transfer, or cause to be transferred, to the Trustee for deposit into the TDD Sales Tax Account of the Revenue Fund pursuant to the TDD Agreement and the Indenture. Net TDD Sales Tax revenues do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer and (ii) any sum received by the TDD which is the subject of a suit or other claim communicated to the TDD which suit or claim challenges the collection of such sum.

Pursuant to the TDD Agreement, the TDD has covenanted and agreed that the officer of the TDD at any time charged with the responsibility of formulating budget proposals is directed to include in the budget proposal submitted to the TDD's Board of Directors for each fiscal year a request for an appropriation of the TDD Sales Tax revenues for use in accordance with the terms of the TDD Agreement.

THE BONDS

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

Authorization; Description of the Bonds

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Missouri, including particularly Sections 99.800 to 99.865, inclusive, of the Revised Statutes of Missouri, as amended, the ("**TIF Act**"). The Bonds will be issuable as fully registered bonds, without coupons. Purchases of the Bonds will be in denominations of $5,000 or any integral multiple thereof. The Bonds will be dated as of the date of their initial issuance and delivery, and will mature as of the date set forth on the cover page of this Official Statement. The Bonds will bear interest at the rate per annum set forth on the cover page of this Official Statement, which interest will be payable on each May 1 and November 1, commencing November 1, 2018 until the maturity date of the Bonds or upon earlier redemption, as set described herein.

The Bonds, when issued, will be initially registered in the name of Cede & Co., as nominee for DTC and no beneficial owner will receive certificates representing its interest in the Bonds, except in the event the Bond Trustee issues replacement bonds as provided in the Indenture. Payment of the principal of, premium, if any, and interest on each Bond will be made, and notices and other communications to Owners will be given, directly to DTC or its nominee, Cede & Co., by the Trustee. In the event the Bonds are not in a book entry system, payment of principal of, premium, if any, and interest on the Bonds will be made and such notices and communications will be given as described in the Indenture. See "**Book-Entry System**" below.

Redemption Provisions

Optional Redemption. The Bonds maturing on and after November 1, 2026 are subject to optional redemption by the City in whole or in part at any time on any date on or after November 1, 2025, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the redemption date.

Selection of Bonds to be Redeemed. Bonds shall be redeemed only in Authorized Denominations. When less than all of the Outstanding Bonds are to be redeemed and paid prior to maturity, such Bonds or portions of Bonds to be redeemed shall be selected in Authorized Denominations by the Trustee in such equitable manner as it may determine.

In the case of a partial redemption of Bonds when Bonds of denominations greater than the minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each Authorized Denomination unit of face value shall be treated as though it was a separate Bonds of the denomination of the minimum Authorized Denomination. If one or more, but not all, of the minimum Authorized Denomination units of principal amount represented by any Bond are selected for redemption, then upon notice of intention to redeem such minimum Authorized Denomination unit or units, the Owner of such Bond or his attorney or legal representative shall forthwith present and surrender such Bond to the Trustee (i) for payment of the redemption price (including the interest to the date fixed for redemption) of the minimum Authorized Denomination unit or units of principal amount called for redemption, and (ii) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond of a denomination greater than minimum Authorized Denomination fails 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 minimum Authorized Denomination unit or units of principal amount called for redemption (and to that extent only) and shall cease to accrue interest on the principal amount so called for redemption.

Notice and Effect of Call for Redemption. In the case of Bonds called for optional redemption, the Trustee shall call Bonds for redemption and payment as herein provided and shall give notice of redemption as provided below upon receipt by the Trustee at least 40 days prior to the redemption date of a written request of the City. Unless waived by any Owner of Bonds to be redeemed, official notice of any redemption of any Bond shall be given by the Trustee on behalf of the City by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least 30 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the Register; provided, however, that failure to give such notice by mailing as aforesaid to any Owner or any defect therein as to any particular Bond shall not affect the validity of any proceedings for the redemption of any other Bonds.

All official notices of redemption shall be dated and shall state: (i) the redemption date, (ii) the redemption price, (iii) if less than all Outstanding Bonds are to be redeemed, the identification of the Bonds to be redeemed (such identification to include interest rates, maturities, CUSIP numbers and such additional information as the Trustee may reasonably determine), (iv) 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 (v) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Trustee.

In addition to the foregoing notice, the Trustee shall also comply with any mandatory requirements or guidelines, published by the Securities and Exchange Commission relating to providing notices of redemption. The failure of the Trustee to comply with any such requirements shall not affect or invalidate the redemption of said Bonds.

So long as the Securities Depository is effecting book-entry transfers of the Bonds, the Trustee shall provide the redemption notices specified in the Indenture only 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 to notify the beneficial owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Effect of Call for Redemption. On or prior to the date fixed for redemption, moneys or Government Securities shall be deposited with the Trustee as provided in the Indenture to pay the Bonds called for redemption and accrued interest thereon to the redemption date. Upon the happening of such condition, and notice having been given as specified in the Indenture, the Bonds or the portions of the principal amount of Bonds thus called for redemption shall cease to bear interest on the specified redemption date, provided moneys sufficient for the payment of the redemption price are on deposit at the place of payment at the time, and shall no longer be entitled to the protection, benefit or security of the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture.

Transfer and Exchange

The Bonds may be transferred or exchanged for other Bonds of any authorized denominations upon surrender of the Bonds at the principal corporate trust office or other designated payment office of the Trustee, duly endorsed for transfer or accompanied by an instrument of transfer in form satisfactory to the Trustee duly executed by the registered owner or such owner's duly authorized attorney or legal representative in writing. A Bond may be transferred or exchanged without cost to the owner thereof, except for any tax or other governmental charge required to be paid with respect to the transfer or exchange. The Trustee will not be required to transfer or exchange any Bond previously selected for redemption during certain periods specified in the Indenture.

The person in whose name any Bond is registered on the bond register will be deemed and regarded as the absolute owner thereof for all purposes, except as otherwise provided in the Bond Indenture when a Book-Entry System is in effect, and payment of or on account of the principal of and premium, if any, and interest thereon will be made only to or upon the order of the registered owner thereof or his or her legal representative. All such payments will be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

CUSIP Numbers

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

Book-Entry System

The information provided immediately below concerning DTC and the Book-Entry-Only System, as it currently exists, has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter or the City.

General. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system (the "Book-Entry-Only System") maintained by DTC. DTC will act as securities depository for the Bonds. Initially, the Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). The following discussion will not apply to any Bonds issued in certificate form due to the discontinuance of the DTC Book-Entry-Only System, as described below.

DTC and its Participants. DTC 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**"). 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.

Purchase of Ownership Interests. Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "**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, but Beneficial Owners, however, are 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 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 interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Transfers. To facilitate subsequent transfers, all Bonds deposited by 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 the 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 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Voting. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of the securities 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 the Bonds are credited on the record date identified in a listing attached to the Omnibus Proxy.

Payments of Principal and Interest. So long as any Bond is registered in the name of DTC's nominee, all payments of principal of, premium, if any, and interest on such Bond will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the City, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

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

The use of the system of book-entry transfers through DTC (or a successor securities depository) may be discontinued as described in the Indenture. In that event, the Bonds will be printed and delivered as described in the Indenture.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC. Neither the City nor the Underwriter takes any responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations; Sources of Payment

The Bonds and the interest thereon are special, limited obligations of the City, payable solely from the Pledged Revenues held by the Trustee as provided in the Indenture, and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the Owners of the Bonds, as provided in the Indenture. The "**Trust Estate**" consists of all right, title and interest of the City in the Pledged Revenues and all other moneys and securities from time to time held by the Trustee under the Indenture (except payments required to be made to meet the requirements of Section 148(f) of the Internal Revenue Code of 1986, as amended, whether or not held in the Rebate Fund).

Pursuant to the Indenture, the City has pledged, as security for the payment of the Bonds, all of its rights and interests in the Pledged Revenues which consist of (i) the Payments in Lieu of Taxes generated in the Redevelopment Project Area I, (ii) subject to annual appropriation by the City, the Economic Activity Tax Revenues (including the TIF Portion of TDD Revenues) generated in the Redevelopment Project Area I, (iii) Net TDD Sales Tax revenues transferred by the TDD to the Trustee, and (iv) subject to annual appropriation by the City, the City Revenues. The City has covenanted that the City officer responsible for formulating the

City budget will be directed to include in the budget proposal submitted to the Board of Aldermen each fiscal year that the Bonds are outstanding a request for an appropriation of Economic Activity Tax Revenues on deposit in the Special Allocation Fund and any City Revenues.

No Mortgage or General Obligation. The Bonds are not secured by a mortgage on any property in the Redevelopment Project Area I. However, under the TIF Act, Payments in Lieu of Taxes that are due and owing constitute a lien against the real estate in Redevelopment Project Area I from which they are derived. Upon a default in the payment of any Payments in Lieu of Taxes on real property in the Redevelopment Project Area I, the lien for such unpaid Payments in Lieu of Taxes may be enforced, as provided by Missouri law. See the caption "**TAX INCREMENT FINANCING IN MISSOURI — Assessments and Collections of Ad Valorem Taxes**" in this Official Statement.

THE BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF AND DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT.

Prospective investors are advised that none of the property in the Redevelopment Area is pledged as security for the Bonds. Neither the City, the Developer, nor any affiliate of such entity or any partner, officer, director, agent or representative of such entity, has pledged its credit or assets or has provided any guaranty, surety or undertaking of any kind, moral or otherwise, to pay the principal of, premium, if any, and interest on the Bonds.

No recourse shall be had for the payment of the principal of or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture, or the Redevelopment Agreement 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.

Pledged Revenues

Pursuant to the Indenture, the Bonds are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate in favor of the Owners of the Bonds. Under the Indenture, the City assigns to the Trustee, as security for the payment of the Bonds and the interest thereon, all "Pledged Revenues" held by the Trustee.

"**Pledged Revenues**" means all Net Proceeds and all moneys held in the Revenue Fund, the Debt Service Fund, and the Project Fund under this Indenture, together with investment earnings thereon.

"**Net Proceeds**" means all moneys on deposit (including investment earnings thereon) in (i) the PILOT Account of the Special Allocation Fund for Redevelopment Project Area I, (ii) subject to annual appropriation by the City, the Economic Activity Account of the Special Allocation Fund for Redevelopment Project Area I, (iii) the Net TDD Sales Tax revenues transferred by the TDD to the Trustee and on deposit in the TDD Sales Tax Account of the Revenue Fund, and (iv) any City Revenues on deposit in the City Revenues Account of the Revenue Fund. Net Proceeds do not include (i) any amount paid under protest

until the protest is withdrawn or resolved against the taxpayer, and (ii) any sum which is the subject of a suit or other claim which suit or claim challenges the collection of such sum.

"**Net TDD Sales Tax**" means, subject to annual appropriation by the Board of Directors of the TDD, the amount of TDD Sales Tax revenues received from the Department of Revenue (as defined below) and deposited into the TDD Sales Tax Trust Fund, after deducting (i) one percent (1%) of the total TDD Sales Tax received from the Department of Revenue payable to the City for an administrative fee, (ii) the Economic Activity Tax Revenues that are transferred to the City for deposit into the TDD Sales Tax Account of the Special Allocation Fund, and (iii) such additional amounts as needed for the City to maintain a balance of $1,000 in funds available to the City to enforce collection of the TDD Sales Tax, which Net TDD Sales Tax revenues the TDD will transfer, or cause to be transferred, to the Trustee for deposit into the TDD Sales Tax Account of the Revenue Fund pursuant to the TDD Agreement and the Indenture. Net TDD Sales Tax revenues do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer and (ii) any sum received by the TDD which is the subject of a suit or other claim communicated to the TDD which suit or claim challenges the collection of such sum.

"**City Revenues**" means all legally available funds appropriated by the City pursuant to the Indenture for the payment of the principal of and interest on the Bonds, excluding TIF Revenues, that are deposited into the City Revenues Account of the Revenue Fund.

The application of Economic Activity Tax Revenues and any City Revenues to the payment of the Bonds is subject to annual appropriation by the City. There can be no assurance that the City will appropriate such revenues in any year and the Indenture does not obligate the City to do so. However, pursuant to the Indenture, the City covenants that a request for appropriations will be included in each annual budget.

The application of the Net TDD Sales Tax to the payment of the Bonds is subject to annual appropriation by the Board of Directors of the TDD. There can be no assurance that the Board of Directors will appropriate such revenues in any year.

Because the TIF Act provides that 23 years is the maximum amount of time for the retirement of obligations incurred to finance redevelopment project costs, the obligation of the City to transfer Economic Activity Tax Revenues and Payments in Lieu of Taxes to the Trustee for the repayment of the Bonds terminates on October 2, 2028 whether or not the principal amount thereof or interest thereon has been paid in full. Thereafter, the revenues available for repayment of the Bonds, subject to appropriation by the TDD's board of directors, will consist solely of revenues from the Net TDD Sales Tax which terminates on June 30, 2030.

Source of Revenues	Start Date	End Date
Payments in Lieu of Taxes, Economic Activity Tax Revenues and the TIF portion of Net TDD Sales Taxes	October 3, 2005	October 2, 2028
Net TDD Sales Taxes[(1)]	January 1, 2006	December 31, 2030

(1) Prior to October 2, 2028, the Net TDD Sales Taxes will include only the portion of the TDD Sales Tax captured as Economic Activity Tax Revenues unless the Redevelopment Plan is terminated earlier than the termination date under the TIF Act. From and after October 2, 2028 or any earlier termination, the Net TDD Sales Taxes will include all of the revenues from the TDD Sales Tax (subject to the reductions permitted under the TDD Agreement and the Indenture as described herein).

The following chart sets fort the local sales tax rates that are expected to be included in Economic Activity Tax Revenues and, if applicable, the expiration date for such sales tax:

Local Sales Tax	Tax Rate[1]	Current Expiration Date
City – General Revenue	1.000%	None
City – Parks	0.500%	None
City – Public Safety[2]	0.250%	None
City – Public Safety[2]	0.125%	None
County – General Revenue	0.750%	None
County – Capital Improvement	0.250%	December 31, 2026
County – Law Enforcement	0.250%	None
TDD Sales Tax	1.000%	December 31, 2030
Total Tax Rate	4.125%	

(1) See the caption "**BONDOWNERS' RISKS – Reductions in State and Local Tax Rates**" in this Official Statement.

(2) The City's public safety taxes were first imposed on October 1, 2009.

Transfers and Deposits to the Revenue Fund

Pursuant to the TIF Act, the City has established a Special Allocation Fund that the City shall maintain and administer solely for the purposes provided in the Indenture until such time as the Indenture has been discharged pursuant to the terms thereof. The City has pledged, as security for the payment of the Bonds, all of its rights and interests in (i) the Payments in Lieu of Taxes generated in the Redevelopment Project Area I, (ii) subject to annual appropriation by the City, the Economic Activity Tax Revenues (including the TIF Portion of TDD Revenues) generated in the Redevelopment Project Area I, (iii) Net TDD Sales Tax revenues transferred by the TDD to the Trustee, and (iv) subject to annual appropriation by the City, the City Revenues.

The City has agreed pursuant to the Indenture to transfer as soon as practicable (but not later than the 1st Business Day of each month following receipt thereof) all Economic Activity Tax Revenues and all Payments in Lieu of Taxes received by the City to the Trustee for deposit in the TIF Revenues Account of the Revenue Fund.

The TDD has agreed pursuant to the TDD Agreement to transfer as soon as practicable (but no later than the 1st Business Day of each month following receipt thereof) all Net TDD Sales Tax revenues to the Trustee for deposit in the TDD Sales Tax Account of the Revenue Fund.

On the 15th day of the month preceding any Interest Payment Date, the Trustee shall notify the City of the amount of the deficiency, if any, taking account amounts on deposit in the Revenue Fund and the Bond Payment Account of the Debt Service Fund, to pay an installment of principal and/or interest on the Bonds on the next Interest Payment Date or mandatory sinking fund payment date. On or prior to the second Business Day prior to such Interest Payment Date or mandatory sinking fund payment date, the City shall transfer City Revenues in an amount equal to such deficiency, subject to annual appropriation by the City and any other provisions of the Indenture. Moneys provided to the Trustee by the City constituting City Revenues shall be deposited as and when received by the Trustee into the City Revenues Account of the Revenue Fund.

Application of Moneys in Revenue Fund

Moneys in the Revenue Fund shall be held in trust and shall be applied by the Trustee on the 25th day (or if such day is not a Business Day, the immediately preceding Business Day) prior to each Interest Payment

Date, except as otherwise provided below, first from the TIF Revenues Account, second from the TDD Sales Tax Account, until the amount drawn therefrom equals the TDD Sales Tax Limit, and last, from the City Revenues Account, as follows:

First, transfer to the Rebate Fund, when necessary, an amount sufficient to pay any arbitrage rebate, if any, to the United States of America, owed under Section 148 of the Code, including any costs of calculating the arbitrage rebate, as directed in writing by the City in accordance with the Tax Letter of Instructions;

Second, taking into account amounts on deposit in the Debt Service Fund, transfer to the Bond Payment Account of the Debt Service Fund an amount sufficient to pay the interest due on the Bonds on the next succeeding Interest Payment Date;

Third, transfer to the Bond Payment Account of the Debt Service Fund, taking into account any amounts that may be on deposit in such account, an amount sufficient to pay the principal due on the Bonds by their terms on the next succeeding Interest Payment Date;

Fourth, if the next succeeding Interest Payment Date is May 1, transfer to the Bond Payment Account of the Debt Service Fund an amount sufficient to pay principal due on the Bond by their terms on the second succeeding Interest Payment Date;

Fifth , transfer 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; and

Sixth, transfer to the City, any amount remaining in the City Revenues Account and an amount to be applied as reimbursement to the City for any City Revenues that the Trustee applied to the payment of debt service on the Bonds in any prior payment period.

If the moneys in the Bond Payment Account of the Debt Service Fund are insufficient to pay all scheduled principal of and interest becoming due (by reason of maturity or mandatory sinking fund redemption) on the Bonds on any Interest Payment Date, then such money shall be applied ratably to the payment of interest, according to the amounts due on such installment, to the persons entitled thereto without any discrimination or privilege, then any remaining money shall be applied ratably to the payment of principal of the Series Bonds, according to the amounts due on such installment, to the persons entitled thereto without any discrimination or privilege. Any unpaid interest shall be compounded semi-annually on each Interest Payment Date.

PLAN OF FINANCING

Estimated Sources and Uses of Funds

Following is a summary of the anticipated sources and uses of funds in connection with the issuance of the Bonds:

Sources of Funds:	
Principal Amount of the Bonds	$ 5,580,000.00
Net Original Issue Premium	25,740.70
Other moneys contributed by the City	225,680.63
Total Sources of Funds	$ 5,831,421.33
Uses of Funds:	
Deposit to the Refinancing Account of the Project Fund	$ 5,672,256.88
Costs of Issuance[1]	159,164.45
Total Uses of Funds	$ 5,831,421.33

[1] Includes underwriter's discount (see "UNDERWRITING" herein) and other costs of issuance incurred in connection with the issuance of the Bonds.

Refinancing

On the date of issuance of the Bonds, the Trustee will transfer a portion of the proceeds of the Bonds to the trustee for the Series 2007 Bonds to be applied, along with funds on deposit in the debt service reserve fund and the revenue fund for the Series 2007 Bonds, for the payment of interest due on the Series 2007 Bonds on May 1, 2018 and the redemption in full of the Series 2007 Bonds on or about May 17, 2018 (the "**Redemption Date**") at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date.

THE HARRISONVILLE TOWNE CENTER PROJECT

Overview of the Redevelopment Area

Pursuant to the Redevelopment Plan, the City and the TIF Commission established the Redevelopment Area which consists of 41.98 acres located at the northeast corner of U.S. Highway 71 and Commercial Street within the corporate limits of the City. The Redevelopment Area was undeveloped vacant land and is surrounded by retail and commercial parcels The Redevelopment Area will be developed in one or more redevelopment project areas.

The Project

The Project consists of Redevelopment Project I established under the Redevelopment Plan. The Project was developed in accordance with the terms of the Redevelopment Agreement by D. J. Christie, Inc., as assigned to Harrisonville Partners, LLC (the "**Redeveloper**"). Redevelopment Project I utilizes approximately 22.5 acres of the approximately 42-acre Redevelopment Area. No redevelopment projects have been developed in the remaining portion of the Redevelopment Area.

The development plan for the Project includes (i) an approximately 135,000 square foot Sutherlands Lumber home-improvement store to serve as the anchor tenant, (ii) 11,250 square feet of shop space (expandable to 19,822), (iii) three out-parcels, consisting of approximately 17,500 square feet of retail space, and (iv) the construction and renovation of related necessary public improvements such as sidewalks, parking lots and other necessary utility improvements.

The City entered into a Covenant to Construct, Open and Operate with Sutherland Lumber Company of Kansas City, LLC ("**Sutherlands**") and the Redeveloper pursuant to which the Redeveloper was obligated to deliver a pad ready site to Sutherlands and Sutherlands was obligated to construct a 135,000 square foot home improvement store. The store was constructed, stocked and opened by Sutherlands in accordance with the agreement.

The Redeveloper and Russell Stover Candies entered into an agreement for the construction of an approximately 3,000 square foot building on one of the outparcels for lease to Russell Stover Candies for operation of a specialty candy store. The store was opened and is operating within Redevelopment Project I

Lots 2 and 3 within Redevelopment Project I remain undeveloped and are being marketed by the Redeveloper; however, no assurances can be made that any development will occur on such lots during the term of the Bonds or, if any such development occurs, that the development will generate any economic activities that generate Pledged Revenues available for payment of debt service on the Bonds.

(*Remainder of this page intentionally left blank*)

The following map depicts the development of Redevelopment Project I. The Comfort Inn & Suites depicted on the following map is not located within Redevelopment Project I.



(*Remainder of this page intentionally left blank*)

Historical Collections of Pledged Revenues

The chart below reflects data on the amount of Pledged Revenues deposited with the trustee for the Series 2007 Bonds for calendar years 2007 through 2017. Such data is included in this Official Statement for illustrative purposes to provide information on potential future Net Revenues. None of the City, the Redeveloper, the TDD or the Underwriter make any representation regarding the receipt of Pledged Revenues in the future. See the caption "**BONDOWNERS' RISKS**" in this Official Statement.

Year	Payments in Lieu of Taxes	Economic Activity Tax Revenues	TDD Revenues	City Revenues	Total
2007	$ 54,097	$ 55,267	$ 82,546	$ 0	$191,910
2008	104,922	23,650	124,401	0	252,973
2009	103,232	215,919	111,964	0	431,115
2010	139,047	166,265	85,291	233,859	624,462
2011	144,267	192,801	120,158	188,182	645,408
2012	127,909	189,606	120,701	165,042	603,258
2013	158,182	134,911	121,919	0	415,012
2014	148,982	261,870	129,470	200,000	740,322
2015	144,052	206,163	130,994	224,000	705,209
2016	144,052	223,739	142,292	130,500	640,583
2017	165,805	220,830	142,325	180,000	708,960

Source: The City and account statements and reports provided by the trustee for the Series 2007 Bonds.
Note : Pledged Revenues are included in the calendar year received by the trustee for the Series 2007 Bonds.

DEBT SERVICE REQUIREMENTS FOR THE BONDS

The following table sets forth the annual debt service requirements for the Bonds to be paid by the City during each fiscal year ending December 31 from Pledged Revenues.

Fiscal Year Ending December 31	Principal	Interest	Total
2018	$ 400,000	$ 82,216	$ 482,216
2019	460,000	151,988	611,988
2020	470,000	138,188	608,188
2021	485,000	124,088	609,088
2022	500,000	109,538	609,538
2023	515,000	94,538	609,538
2024	500,000	79,088	579,088
2025	540,000	64,088	604,088
2026	555,000	49,913	604,913
2027	570,000	34,650	604,650
2028	585,000	17,550	602,550
Total	$5,580,000	$945,841	$6,525,841

Note: Amounts have been rounded to the nearest dollar. Totals may not foot due to such rounding.

BONDOWNERS' RISKS

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

Nature of the Obligations

The Bonds and the interest thereon are special, limited obligations of the City and are payable solely from and secured by the Pledged Revenues and other moneys on deposit under the Indenture. The realization of such revenues is dependent upon, among other things, the capabilities of owners and managers of development projects in Redevelopment Project Area I and future changes in economic and other conditions that are unpredictable and cannot be determined at this time. The Bonds do not constitute a general obligation of the City and do not constitute 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 Bonds. The City has expressed its intent to appropriate City Revenues sufficient to make debt service payments on the Bonds in the event that TIF Revenues or Net TDD Revenues are insufficient for such purposes; however, the City is under no obligation to make such appropriations.

Risk of Non-Appropriation

The application of any Economic Activity Tax Revenues and City Revenues to the payment of the principal of and interest on the Bonds is subject to annual appropriation by the City. Although the City has covenanted in the Indenture that the appropriation of the Economic Activity Tax Revenues to the Special Allocation Fund and City Revenues will be included in the budget submitted to the Board of Aldermen for each fiscal year, there can be no assurance that such appropriation will be made by the Board of Aldermen, and the Board of Aldermen is not legally obligated to make any such appropriation.

The application of the Net TDD Sales Tax revenues to the payment of the principal of and interest on the Bonds is subject to annual appropriation by the Board of Directors of the TDD. There can be no assurances that such appropriation will be made by the Board of Directors of the TDD. Pursuant to the TDD Agreement, TDD is obligated to submit a budget in compliance with the TDD Agreement to the City for review and approval. The TDD Agreement sets forth the permitted uses of the Net TDD Sales Tax revenues, including the application of such revenues to the repayment of bonds issued to finance the TDD projects, including the Series 2018 Bonds.

Reliance on Developer, Tenants and Property Owners

The development of the Harrisonville Towne Center Project has been undertaken by the Developer and those parties contracting with the Developer. The Developer is under no obligation to own the Harrisonville Towne Center Project for the term of the Bonds. The Developer has sold the parcel of Redevelopment Project Area I upon which the Sutherlands Lumber home-improvement store is located to Sutherlands. To the extent that the Developer has sold or sells any part of the Harrisonville Towne Center Project, the payment of debt service on the Bonds will be dependent (regardless of occupancy) on subsequent owners of the Harrisonville Towne Center Project to provide the payment of Payments in Lieu of Taxes for deposit into the Special Allocation Fund.

Any leases for the Harrisonville Towne Center Project will provide that each tenant is responsible for its pro rata share of any real estate taxes (including Payments in Lieu of Taxes) and certain other common expenses. If any tenant defaults in paying its pro rata share of such taxes or other common expenses, the Developer or any subsequent owner(s) of the Harrisonville Towne Center Project will be responsible for such payments, although the Developer or other owner(s) would have the right to declare a default under the tenant's lease if the tenant failed to pay such amounts.

A tenant may cease operations but continue to pay rent to the Developer or other owner. Under such circumstances, no Economic Activity Tax Revenues would be generated by the tenant with respect to the Harrisonville Towne Center Project. In addition, the Developer has no obligation to lease or sell space at the Harrisonville Towne Center Project solely to entities that generate Economic Activity Tax Revenues, and the Developer (or other owner(s)) may modify, demolish, redevelop or change the Harrisonville Towne Center Project in such manner as it may determine. See caption "**THE HARRISONVILLE TOWNE CENTER PROJECT**" in this Official Statement

The availability of Payments in Lieu of Taxes, Economic Activity Tax Revenues and Net TDD Sales Taxes to pay debt service on the Bonds is largely dependent on the continued operation of the Anchor Tenant. No assurances can be given that the Anchor Tenant will continue operating its store within Redevelopment Project Area I.

No Mortgage

Payment of the principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on Redevelopment Project Area I or any portion thereof: however, under the TIF Act. Payments in Lieu of Taxes that are due and owing constitute a lien against the real estate in Redevelopment Project Area I from which they are derived. Upon a default in the payment of any Payments in Lieu of Taxes, the lien for unpaid Payments in Lieu of Taxes may be enforced by the County.

Lease Terms

The City has no any information relating to the current scheduled termination dates of any leases with Redevelopment Project Area I. No assurances can be given that any tenant operating within Redevelopment Project Area I is obligated pursuant to its existing lease to continue occupying its respective retail space and operating its business through the final maturity date of the Bonds or that any tenant will not cancel its lease.

Failure to Maintain Levels of Assessed Valuation

There can be no assurance that the assessed value of the Redevelopment Project Area I will equal or exceed the forecasted assessed value. There can be no assurance that such assessed value will be maintained throughout the term of the Bonds. If at any time during the term of the Bonds the actual assessed value is less than forecasted, the amount of the Payments in Lieu of Taxes will be less than forecasted and the amounts paid into the Special Allocation Fund may not be sufficient to pay debt service on the Bonds.

Even if the County Assessor's determination of the assessed value of Redevelopment Project Area I equals or exceeds the forecasted assessed value, landowners in Redevelopment Project Area I have the right to appeal such determination. If any such appeal is not resolved prior to the time when real estate taxes and Payments in Lieu of Taxes are due, the taxpayer may pay the taxes and Payments in Lieu of Taxes under protest. In such event, that portion of taxes and Payments in Lieu of Taxes being protested will not be available for deposit into the Special Allocation Fund until the appeal has been concluded. If the appeal is resolved in favor of the taxpayer, the assessed value will be reduced, in which event the Payments in Lieu of Taxes may be less than forecasted. See the caption "**TAX INCREMENT FINANCING IN MISSOURI — Assessment and Collection of Ad Valorem Taxes**" in this Official Statement.

Exempt Properties; Tax Abatement or Rebate

Missouri law exempts certain uses and property owners from the payment of real property taxes, including the payment of Payments in Lieu of Taxes. There is no obligation on the part of the property owner to lease any space within Redevelopment Project Area I to entities that are not exempt from such taxes. If the property owner leases space within Redevelopment Project Area I to entities that are exempt from paying such taxes, the Pledged Revenues may be less than would have otherwise been available to pay debt service on the Bonds.

Tax Increment Financing Litigation – In General

From time to time cases are filed in a Missouri court challenging certain aspects of the TIF Act. Circuit courts in Missouri are trial courts and decisions in those courts are not binding on other Missouri courts. Circuit court decisions, whether favorable or unfavorable with respect to the constitutionality and application of the TIF Act, may be appealed to a Missouri Court of Appeals, and, ultimately, the Missouri Supreme Court. If the plaintiffs are successful in one or more of the currently pending cases, the court's decision may interpret the requirements of the TIF Act in a manner adverse to the establishment of tax increment financing for Redevelopment Project Area I. It is not possible to predict whether an adverse holding in any current or future litigation would prompt a challenge to the adoption of tax increment financing in Redevelopment Project Area I. If current or future litigation challenging all or any part of the TIF Act were to be applied to the adoption of tax increment financing in Redevelopment Project Area I, the Pledged Revenues may not be available to pay principal of and interest on the Bonds, the enforceability of the Indenture could be adversely affected. None of the City or any other party involved in the issuance and sale of the Bonds can predict or guarantee the outcome of any currently pending or future litigation challenging the constitutionality or the application of the TIF Act or the application by a court of a potential holding in any case to other tax increment projects.

Changes in State and Local Tax Laws

Any change in the current system of collection and distribution of real property taxes, Payments in Lieu of Taxes and Economic Activity Tax Revenues in the County or the City, including without limitation the reduction or elimination of any such tax, judicial action concerning any such tax or voter initiative, referendum or action with respect to any such tax, could adversely affect the availability of revenues to pay the principal of and interest on the Bonds. There can be no assurance that the current system of collection and distribution of the real property taxes, Payments in Lieu of Taxes or Economic Activity Tax Revenues in the County or the City will not be changed by any competent authority having jurisdiction to do so, including without limitation the State, the County, the City, school districts, the courts or the voters, and the Indenture does not limit the ability of the City to make any such changes with respect to City taxes and levies.

Reductions in State and Local Tax Rates

Any taxing district in Redevelopment Project Area I could lower its tax rate, which would have the effect of reducing the Payments in Lieu of Taxes and Economic Activity Tax Revenues derived from Redevelopment Project Area I. Such a reduction in rates could be the result of the governing body of the taxing district's desire to lower tax rates, taxpayer initiative, or in response to state or local litigation or legislation affecting the broader taxing structure within the taxing district, such as litigation or legislation affecting the primary reliance on ad valorem property taxes to fund elementary and secondary education in the State.

The imposition of certain sales taxes currently being collected in the Redevelopment Project Area are scheduled to expire during the term of the Bonds as described under the caption "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Pledged Revenues**" in this Official Statement. No

assurance can be made that any expiring sales taxes will be renewed or extended or if renewed or extended, such sales taxes will continue at the current rates.

Development of Property within Redevelopment Project Area I

There can be no assurance that the undeveloped property in Redevelopment Project Area I will be further developed, or if it is further developed, at what schedule or with what end uses or values. Prospective investors should evaluate the likelihood of further development and what effects further development will have on the ability of the development to generate sufficient Pledged Revenues.

Limitations on Remedies

The remedies available upon a default under the Indenture and other legal documents relating to the 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, the Redevelopment Agreement 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 Bonds will be expressly subject to the qualification that the enforceability of the Indenture, the Redevelopment Agreement 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.

Changes in Economic and Market Conditions

Changes in real estate market conditions in the Kansas City metropolitan area, as well as changes in general or local economic conditions, could adversely affect the value of the property and the level of economic activity in Redevelopment Project Area I and, consequently, the amounts of Pledged Revenues available payment of debt service on the Bonds.

Factors Affecting Economic Activity Tax Revenues and TDD Sales Tax Revenues

Overview. Economic Activity Tax Revenues and TDD Sales Tax Revenues are contingent and may be adversely affected by a variety of factors, including economic conditions within Redevelopment Project Area I and the surrounding area, competition from other retail businesses, rental rates and occupancy rates in Redevelopment Project Area I, suitability of the Harrisonville Towne Center Project for the local market, local unemployment, availability of transportation, neighborhood changes, crime levels in the area, vandalism, operating costs and interruption or termination of operation of the commercial or retail developments in Redevelopment Project Area I as a result of fire, natural disaster, strikes or similar events, among many other factors. As a result, it is difficult to predict with certainty the expected amount of Economic Activity Tax Revenues and TDD Sales Tax Revenues which will be available for appropriation and available to pay the principal of and interest on the Bonds. The retail sales industry is highly competitive. Retail businesses outside of Redevelopment Project Area I, which are currently existing or which are developed after the date of this Official Statement, will be competitive with retail businesses in Redevelopment Project Area I and could have all adverse impact on the available amount of Economic Activity Tax Revenues and TDD Sales Tax Revenues generated within Redevelopment Project Area I.

Damage or Destruction of the Project. In addition to the foregoing, the partial or complete destruction of the Harrisonville Towne Center Project as a result of fire, natural disaster or similar casualty event, or the temporary or permanent closing of one or more retail establishments in the Harrisonville Towne Center Project due to strikes or business failure, would adversely affect the Economic Activity Tax Revenues and TDD Sales Tax Revenues derived from Redevelopment Project Area I and thereby adversely affect the revenues available to pay the Bonds. A casualty event to the Harrisonville Towne Center Project may also adversely affect the amount of Payments in Lieu of Taxes derived from Redevelopment Project Area I. Any insurance maintained by owners or tenants of the Harrisonville Towne Center Project for such casualty or

business interruption is not likely to include coverage for property or sales taxes that otherwise would be generated by the establishment.

State Legislative Action. The Missouri General Assembly has the authority to amend the provisions of Missouri State law governing the sales taxes imposed by the City. Changes to the tax base and exemptions could adversely affect the amount of Economic Activity Tax Revenues received by the City and TDD Sales Tax revenues received by the TDD. Any such amendment could reduce the amount of Economic Activity Tax Revenues and TDD Sales Tax revenues available to pay debt service on the Bonds.

Changes in Economic and Demographic Conditions. Sales tax revenues historically have been sensitive to changes in local, regional and national economic conditions. For example, sales tax revenues have historically declined during economic recessions, when high unemployment adversely affects consumption. Demographic changes in the population of the market area for the Harrisonville Towne Center Project may adversely affect the level of sales tax revenues. A decline in population, or reductions in the level of tourism in the market area, could reduce the number and value of taxable transactions and thus reduce the amount of sales tax revenues. It is not possible to predict whether or to what extent any such changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur, and what impact any such changes would have on Economic Activity Tax Revenues and TDD Sales Tax revenues.

Competition. Increases in sales tax rates in the City may create incentives for certain purchases to be made in jurisdictions with lower overall sales tax rates. As a result, increasing sales tax rates may prompt certain commercial and industrial activities to relocate to jurisdictions with lower sales tax rates. In addition, several shopping centers in the Kansas City metropolitan area may be possible competitors of the Harrisonville Towne Center Project.

Early Redemption of the Bonds

The Indenture provides that the Bonds are subject to redemption as set forth under the caption "**THE Bonds – Redemption**" in this Official Statement. Purchasers of the Bonds should bear in mind that such redemption could affect the price of the Bonds in the secondary market.

Risk of Taxability

For information with respect to events occurring subsequent to issuance of the Bonds that may require that interest on the 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. Bond Counsel cannot predict whether the Service will commence an audit of the Bonds. Owners of the Bonds are advised that, if the Service does audit the 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 the Bonds may have limited rights to participate in the audit. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome thereof.

Secondary Market for the Bonds

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

investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

Forward-Looking Statements

Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended, and reflect the City's current expectations, hopes, intentions or strategies regarding the future. Such statements may be identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend" or other similar words. Such forward-looking statements include, among others, certain statements under this section captioned "**BONDOWNERS' RISKS**."

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS, INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (iii) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE.

UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE CITY ON THE DATE HEREOF, AND THE CITY ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS INDICATED UNDER THE CAPTION "CONTINUING DISCLOSURE."

LITIGATION

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 Redevelopment Plan, the Harrisonville Towne Center Project or the Redevelopment Project Areas, the constitutionality or validity of the Bonds, the legality of any official act taken in connection with the execution and delivery of the Indenture or the legality of any of the proceedings

had or documents entered into in connection with the authorization, execution and delivery of the Indenture or the issuance of the Bonds.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Bryan Cave Leighton Paisner LLP, Kansas City, Missouri, Bond Counsel, whose approving opinion will be delivered with the Bonds. The expected form of such opinion is attached as **Appendix D** hereto. Certain legal matters related to this Official Statement will be passed upon by Bryan Cave Leighton Paisner LLP, Kansas City, Missouri. Certain legal matters will be passed upon for the City by Bryan Cave Leighton Paisner LLP, Kansas City, Missouri. Gilmore & Bell, P.C., St. Louis, Missouri, serves as counsel to the Underwriter.

TAX MATTERS

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

Opinion of Bond Counsel

In the opinion of Bryan Cave Leighton Paisner LLP, Bond Counsel to the City, under the law existing as of the issue date of the Bonds:

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

Alternative Minimum Tax. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income for taxable years that began prior to January 1, 2018.

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

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

Other Tax Consequences

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

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

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

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

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

consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Bondowners to send certain financial information and operating data to certain information repositories annually and to provide notice to such information repositories or the Municipal Securities Rulemaking Board of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule l5c2-12, as amended (the "**Rule**"). See **Appendix E** to this Official Statement for the form of the Continuing Disclosure Agreement.

Prior Compliance with Continuing Disclosure Undertakings. The City has previously entered into continuing disclosure undertakings for other bond issues similar to the Continuing Disclosure Agreement, to provide to the national information repositories (presently, only the Municipal Securities Rulemaking Board) the audited financial statements of the City and updates of certain operating data.

The City failed to comply with its prior undertakings during the past five years in the following respects:

1. The City's annual financial statements and operating data for fiscal years ended December 31, 2012 and December 31, 2013 were filed after the filing deadlines, without notice of late filing.

2. The annual reports for the fiscal years ended December 31, 2012 through December 31, 2016 were incomplete when filed, missing tables related to revenue receipts and assessed value information.

3. The City failed to link any audits or annual reports to its Electric System Refunding Revenue Bonds, Series 2007.

The City subsequently submitted the missing filings from the past five years. The City has developed and is implementing policies and procedures to ensure better compliance with the City's continuing disclosure requirements.

FINANCIAL ADVISOR

McLiney And Company, Kansas City, Missouri (the "**Financial Advisor**"), a registered municipal advisor, is serving as financial advisor to the City. The Financial Advisor is a financial and investment advisory and consulting organization and is not engaged in the underwriting, marketing or trading of municipal securities or other negotiable instruments. The Financial Advisor has assisted in various matters relating to the planning, structuring and issuance of the Bonds, but has not passed on the accuracy or completeness of the factual information contained in this Official Statement.

UNDERWRITING

The Bonds are being purchased for reoffering by Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of $5,555,520.70 (which is equal to the aggregate principal amount of the Bonds, plus net reoffering premium of $25,740.70, less underwriter's discount of $50,220.00). The Bond Purchase Agreement with respect to the Bonds (the "**Bond Purchase Agreement**") provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Bonds is subject to the various conditions of the Bond Purchase Agreement.

The Underwriter intends to offer the Bonds to the public initially at the offering prices set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell Bonds to certain dealers (including dealers

depositing Bonds into investment trusts) at prices lower than the public offering prices. In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

RATINGS

S&P Global Ratings has assigned a long-term municipal bond rating of "A" to the Bonds. Such rating reflects only the views of such rating agency, and an explanation of the significance of such rating may be obtained therefrom. There is no assurance that the rating will remain in effect for any given period of time or that either or both will not be revised, either downward or upward, or withdrawn entirely, by said rating agency if, in their judgment, circumstances warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

CERTAIN RELATIONSHIPS

Bryan Cave Leighton Paisner LLP, Bond Counsel, has represented the Underwriter and the Financial Advisor in transactions unrelated to the issuance of the Bonds, but is not representing neither the Underwriter nor the Financial Advisor in connection with the issuance of the Bonds. Gilmore & Bell, P.C., counsel to the Underwriter, has represented the City in transactions unrelated to the issuance of the Bonds, but is not representing the City in connection with the issuance of the Bonds.

MISCELLANEOUS

The references herein to the TIF Act, the Indenture, the Redevelopment Plan and the Redevelopment Agreement are brief outlines of certain provisions of such documents and do not purport to be complete. Reference is made to the TIF Act, and such documents for full and complete statements of their provisions. Copies of such documents are on file at the offices of the Underwriter (see the section herein captioned "**INTRODUCTION - Definitions, Summaries of Documents and Additional Information**") and following delivery of the Bonds will be on file at the office of the Trustee.

Any statements in this Official Statement involving matters of opinion or forecast, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City, the Underwriter and the purchasers or owners of the Bonds.

The agreement of the City with the owners of the Bonds is fully set forth in the Indenture, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting all agreement with the purchasers of the Bonds.

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

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.

(*Remainder of this page intentionally left blank*)

The City has reviewed the information contained herein which relates to each of them and have approved all such information for use in this Official Statement.

CITY OF HARRISONVILLE, MISSOURI

By: /s/ Brian Hasek
Mayor

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX A

INFORMATION REGARDING THE CITY OF HARRISONVILLE, MISSOURI

TABLE OF CONTENTS

Page (A-)

GENERAL AND DEMOGRAPHIC INFORMATION 1
- General 1
- Municipal Services and Utilities 1
- Public Safety 2
- Transportation and Communication Facilities 2
- Educational Institutions and Facilities 2
- Health Care and Medical Facilities 2
- Recreational Facilities 3
- Economy 3
- Insurance 3

ECONOMIC INFORMATION CONCERNING THE CITY 4
- Employment 4
- Employment Information 5
- Income Statistics 5
- General and Demographic Information 5
- Building Construction 6

DEBT STRUCTURE OF THE CITY 7
- Debt Ratios and Related Information 7
- General Obligation Bonds 7
- Revenue Bonds Outstanding 7
- Estimated Overlapping Indebtedness 8
- Legal Debt Capacity 8
- Tax Increment Financing 8
- Other Obligations of the City 9
- Pension Plans 9

FINANCIAL INFORMATION CONCERNING THE CITY 10
- Accounting, Budgeting and Auditing Procedures 10
- Sources of Revenue 10
- Summary Statement of Revenues, Expenditures and Changes in Governmental Funds 11
- Property Valuations 12
- Property Tax Levies and Collections 13
- Tax Rates 13
- Tax Collection Record 15

APPENDIX A

INFORMATION REGARDING THE CITY OF HARRISONVILLE, MISSOURI

GENERAL AND DEMOGRAPHIC INFORMATION

General

The City is located in west central Missouri and is the county seat of Cass County. It is located approximately 33 miles south of Kansas City. Its location in Cass County makes it part of the Kansas City Metropolitan Statistical Area ("**Kansas City MSA**"), which is comprised of Bates County, Caldwell County, Cass County, Clay County, Clinton County, Jackson County, Lafayette County, Platte County and Ray County in Missouri and Franklin County, Johnson County, Leavenworth County, Linn County, Miami County and Wyandotte County in Kansas. The total area of the City is approximately 8.7 square miles. According to the U.S. Census Bureau, the City's 2016 estimated population is 10,042 persons.

The City was established in 1837 and incorporated in 1851. The City is a fourth-class city and political subdivision of the State of Missouri, organized and existing under the Constitution and laws of the State of Missouri. The City is governed by a Mayor-Board of Aldermen form of municipal government. The legislative body of the City is the Board of Aldermen, which is comprised of a mayor who is elected at-large every four years and eight aldermen, who are elected from four wards to serve alternating four-year terms.

The current elected officials of the City are:

Name	Title	Current Term Expires	Year First Elected
Brian Hasek	Mayor	2019	2015
Brad Bockelman	Alderman – Ward 1	2020	2016
Judy Bowman	Alderman – Ward 1	2019	2015
Judy Reece	Alderman – Ward 2	2020	2016
Marcia Milner	Alderman – Ward 2	2019	2015[(1)]
David Dickerson	Alderman – Ward 3	2020	2008
Clint Young	Alderman – Ward 3	2019	2015
Matt Turner	Alderman – Ward 4	2020	2016
Jessica Levsen	Alderman – Ward 4	2019	2018[(2)]

(1) Initially appointed to fill a vacancy on the Board of Aldermen in 2012.
(2) Appointed to fill a vacancy on the Board of Aldermen in 2018.

Policies and regulations are established and enacted by the Mayor and Board of Aldermen; these policies and regulations are carried out by the following departments: General Administration, Code Administration, Community Development, Emergency Services, Electrical, Finance, Law Enforcement, Parks and Recreation and Public Works.

In addition to the above–listed elected officials, the Board of Aldermen of the City appoints a City Administrator, a City Attorney, a City Clerk and members of various boards and commissions.

Municipal Services and Utilities

The City operates a combined waterworks and sewerage system. The system is financed by self-sustaining usage charges.

The City distributes electricity, maintains the lines, and bills customers at retail. The City buys wholesale electric power from Missouri Joint Municipal Electric Utility Commission. Spire Energy provides gas service throughout the City and is regulated by the Missouri Public Service Commission.

Public Safety

The Harrisonville Emergency Services Department offers 24 hour fire, emergency management and emergency medical service to the City. The Department consists of an Emergency Services Director, three captains, nine firefighting EMT's and nine firefighting Paramedics plus part-time and volunteer firefighting and emergency medical personnel. The department has three advanced life support ambulances, a ladder truck and three pumper trucks.

The Harrisonville Police Department consists of a police chief, 2 lieutenants, 4 sergeants, 13 police officers, 2 detectives and 2 student resource officers.

Transportation and Communication Facilities

The City is located at the intersection of U.S. Highway 71, and Missouri State Highways 7 and 291. The City owns the Lawrence Smith Memorial Airport that has a 4,000 foot paved runway. The Kansas City International Airport is located approximately 60 miles north of the City. The B & H Freight Line located in the City provides access to national freight carriers including Consolidated Freightways, Yellow Transit, Roadway and J.B. Hunt. The Missouri and Northern Arkansas Railroad services the City. There is also a special services public transportation program.

The City is served by television and radio stations in the Kansas City MSA. Charter Communications provides cable television and internet services. Local news coverage is provided by The Kansas City Star published daily and the Cass County Democrat Missourian published weekly.

Educational Institutions and Facilities

The Harrisonville R-IX School District of Harrisonville, Missouri (the "**District**") currently holds an accredited rating from the State Department of Elementary and Secondary Education, which is the highest rating attainable. The District has two elementary schools, a middle school and a senior high school with a total enrollment of 2,375. In addition the District operates an Early Childhood Center that houses preschool and kindergarten and a vocational school with students from eleven school districts in Cass County. Harrisonville Christian School offers private education for grades K-8.

Higher education is offered to residents of the City by many colleges, technical schools and universities in Cass County and the Kansas City MSA. Some of these schools are: Metropolitan Community College located in Lee's Summit, Missouri; DeVry Institute of Technology located in Kansas City, Missouri; Johnson County Community College located in Overland Park, Kansas; University of Missouri-Kansas City located in Kansas City, Missouri; the Metropolitan Community Colleges located in Kansas City, Missouri and many other colleges and universities located in Kansas and Missouri.

Health Care and Medical Facilities

Cass Regional Medical Center, a general acute care facility, is located in the City. The medical center consists of a 22-bed medical/surgical section, a 3-bed intensive care section and a 10-bed behavioral health section. Lee's Summit Medical Center, a 64-bed facility is located approximately 18 miles northwest of the City. Lee's Summit Medical Center offers cardiology services, a chest pain center, a primary stroke center, surgical services and many other specialties and services. Truman Medical Center, a national academic center, specializes in all aspects of health care. Truman Medical Center Lakewood, one of the two Truman Medical

Center hospitals, is located 21 miles northwest of the City. Residents of the City can also use the numerous hospitals and medical centers in the Kansas City MSA.

Recreational Facilities

Year-round activity programs are sponsored by the City's Parks and Recreation Department, which includes 11 public park areas encompassing 400 acres of land. The City operates a recreation center which offers fitness, sports and other activities. Tennis courts, one golf course, a gun club with shooting range and fishing lakes are located in the parks.

Economy

The City is the county seat of Cass County, Missouri and serves as the area center for commerce, banking, education, agriculture enterprise and light industry. Its location provides access to the cultural, commercial, leisure and sporting attractions of the Kansas City MSA. In the economic downturn the City has maintained a stable economy.

Insurance

The City is a member of Midwest Public Risk ("**MPR**"), a not-for-profit corporation consisting of governmental entities incorporated in 1984 to acquire insurance for its members. MPR operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection or the governing body. MPR provides both conventional and self-insurance coverage for its members including medical, dental, property, casualty, general liability and worker's compensation. The City participates in the worker's compensation insurance coverages. MPR manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MPR's investment pool consists of interest bearing deposits, U.S. Treasury, and U.S. governmental agency obligations. See Note 13 to the City's Comprehensive Annual Financial Report for Fiscal Year ended December 31, 2016 attached as **Appendix B** to the Official Statement for additional information relating to the City's membership in MPR.

In the normal course of business, the City is exposed to various risks of loss related torts; theft of, damage to, and destruction of assets; errors and omissions; worker's compensation and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and no significant losses.

(*Remainder of this page intentionally left blank*)

ECONOMIC INFORMATION CONCERNING THE CITY

Employment

Employment opportunities for residents of the City are available both within the City and throughout the Kansas City MSA. The ten (10) largest employers in the City, and the nature of their business are as follows:

Major Employers	Nature of Business	Approximate Employment
Wal-Mart Distribution Center	Warehouse Distribution	630
Cass Medical Center	Healthcare	394
Cass R-IX School District	Public Schools	382
Wal-Mart	Retail Sales	298
Cass County	Government	276
Church & Dwight Co., Inc.	Consumer Products	230
City of Harrisonville	Government	198
Casco Area Workshop	Service Contracts	194
Crown Care Center	Healthcare	105
Family Center	Retail Sales	90

Source: City's Comprehensive Annual Financial Report for Fiscal Year ended December 31, 2016.

Listed below are the major employers located in the Kansas City MSA.

Major Employers	Nature of Business	Approximate Employment
Federal Government	Government	18,621
Cerner Corp.	Healthcare IT Solutions	11,823
HCA Midwest Health System	Healthcare	9,310
Saint Luke's Health System	Healthcare	7,769
Ford Motor Co.	Automotive Assembly	7,700
The University of Kansas Hospital	Healthcare	6,807
Children's Mercy Hospital	Healthcare	6,696
State of Missouri	Government	6,189
Sprint Corp.	Telecommunications	6,000
State of Kansas	Government	5,195
Olathe Public Schools	Public Schools	4,403
City of Kansas City, Missouri	Government	4,300
Johnson County, Kansas	Government	3,884
Garmin Ltd.	Consumer Products	3,766
DST Systems Inc.	Information Processing	3,631
Kansas City, Kansas Public Schools	Public Schools	3,500
General Motors	Automotive Assembly	3,500
Shawnee Mission School District	Public Schools	3,358
Black & Veatch	Engineering	3,249
North Kansas City School District	Public School	3,131

Source: *Kansas City Business Journal*, July 22 and 29, 2017.

Employment Information

The following table depicts unemployment rates in the referenced areas for the last five years:

December Year	Kansas City MSA	Cass County	State of Missouri
2013	6.2%	6.3%	6.7%
2014	5.5	5.6	6.1
2015	4.7	4.8	5.0
2016	4.3	4.1	4.5
2017[1]	3.2	3.2	3.4

(1) As of December, 2017

Source: U.S. Bureau of Labor Statistics and Missouri Economic Research Center.

Income Statistics

The following table sets forth income statistics for the indicated areas stated in current dollars and not adjusted for inflation:

	Per Capital Income	Median Household Income
Cass County	$42,122	$64,422
State of Missouri	42,926	51,173
United States	49,571	57,617

Source: U.S. Census Bureau, American Community Survey, 5-Year Estimates.

General and Demographic Information

The following tables set forth certain population information.

	1990	2000	2010	2016[1]
City of Harrisonville	7,683	8,946	10,019	10,042
Cass County	63,808	82,092	99,478	102,845
State of Missouri	5,117,073	5,595,211	5,988,927	6,093,000

(1) Estimate

Source: U.S. Census Bureau; Missouri Census Data Center.

Building Construction

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

	2012	2013	2014	2015	2016
Residential:					
Number of Permits[(1)]	240	176	176	180	241
Estimated Cost	$2,103,410	$1,331,781	$1,973,875	$2,202,655	$6,672,912
Non-Residential:					
Number of Permits[(1)]	76	73	66	59	83
Estimated Cost	$3,685,500	$5,293,503	$2,416,903	$8,042,346	$10,622,390

(1) Permit totals include additions to existing structures.
Source: City.

(*Remainder of this page intentionally left blank*)

DEBT STRUCTURE OF THE CITY

Debt Ratios and Related Information

Population (estimated):	10,042
Assessed Valuation (2017):	$ 130,337,446
Estimated Actual Value (2017):	$ 545,329,268
Direct General Obligation Bonded Debt:	$ 0
Other Overlapping General Obligation Debt:	$ 22,740,682
Direct and Overlapping General Obligation Debt:	$ 22,740,682
Per Capita Direct Debt:	$ 0
Per Capita Direct and Overlapping General Obligation Debt:	$ 2,264,56
Ratio of Direct Debt to Assessed Valuation:	0.00%
Ratio of Direct Debt to Estimated Actual Value:	0.00%
Ratio of Direct and Overlapping General Obligation Debt to Assessed Valuation:	17.44%
Ratio of Direct and Overlapping General Obligation Debt to Estimated Actual Value:	4.17%

General Obligation Bonds

The City currently has no outstanding general obligation indebtedness.

Revenue Bonds Outstanding

All revenue bonds outstanding are payable from the operations of the particular system for which the bonds were issued and are recorded in the City's financial statements in the appropriate enterprise fund. These bonds are not general obligations of the City; therefore, the City may not levy taxes to pay the interest or principal amount of these revenue bonds.

Revenue Bonds

Project	Series	Original Amount	Principal Outstanding	Final Maturity
Combined Waterworks and Sewerage System (State Revolving Fund Program)	2002	$4,370,000.00	$1,535,000.00	01-01-23
Combined Waterworks and Sewerage System (State Revolving Fund Program)	2003	3,295,000.00	1,505,000.00	01-01-24
Combined Waterworks and Sewerage System (State Revolving Fund Program)	2005	1,710,000.00	780,000.00	01-01-25
Electric System	2007	2,730,000.00	700,000.00	11-01-20
Combined Waterworks and Sewerage System (State Revolving Fund Program)	2010	4,300,000.00	2,855,900.00	07-01-30
Combined Waterworks and Sewerage System (State Direct Loan Program)	2017	9,544,000.00	4,057,566.95(1)	01-01-38

(1) Initially issued in the outstanding principal amount. The remaining principal balance of $5,486,433.05 is expected to be issued by the City in 2018.

Estimated Overlapping Indebtedness

The following table sets forth the approximate overlapping general obligation indebtedness of political subdivisions with boundaries overlapping the City as of December 31, 2017, and the percent attributable (on the basis of current assessed valuation) to the City. The table was compiled from information furnished by the jurisdictions responsible for the debt, and the City has not independently verified the accuracy or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds, the amounts of which cannot be determined at this time.

Taxing Jurisdiction	Type	Outstanding Indebtedness[1]	Percent Applicable to City	Amount Applicable to City
Harrisonville R-IX School District	General Obligation	$16,045,000	64.6%	$10,365,070
Cass County	General Obligation	$18,981,000	65.2%	12,375,612
				$22,740,682

[1] This table excludes neighborhood improvement district bonds that are a general obligation of the issuer but are expected to be paid from special assessments and for which the issuer may not levy a general property tax.

Legal Debt Capacity

Article VI, Sections 26(b) and (c) of the Constitution of the State of Missouri limit the net outstanding amount of authorized general obligation indebtedness for a city to 10 percent of the assessed valuation of the city by a two-thirds (four-sevenths at certain elections) vote of the qualified voters. Article VI, Section 26(d) provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not to exceed an additional 10 percent for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues, and sanitary or storm sewer systems, provided the total general obligation indebtedness of a city does not exceed 20 percent of the assessed valuation. Article VI, Section 26(e) provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not exceeding an additional 10 percent for the purpose of purchasing or constructing waterworks, electric or other light plants to be owned exclusively by the city, provided that the total general obligation indebtedness of a city does not exceed 20 percent of the assessed valuation. The legal debt margin of the City, based upon locally assessed real and personal property, is approximately $26,067,489.

Tax Increment Financing

The Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, Revised Statutes of Missouri, as amended, makes available tax increment financing for redevelopment projects in certain areas determined by the governing body of a city to be a "blighted area", "conservation area", or "economic development area", each as defined in such Act. Currently, several portions of the City are located in a tax increment financing district.

In June 2007, the City issued $8,630,000 original principal amount of Annual Appropriation–Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2007 to refinance certain reimbursable project costs related to a development known as the Harrisonville Towne Center. Pursuant to such financing, the City has agreed, on or prior to the second business day prior to any interest payment date or mandatory sinking fund payment date, to transfer funds of the City, subject to annual appropriation, in an amount equal to any shortfall in the intended revenues (*i.e.*, payments in lieu of taxes, economic activity taxes and transportation development district sales taxes

generated within the area of Harrisonville Town Center) available for the repayment of such bonds. The tax revenues available for debt service have been insufficient to pay debt service on the Harrisonville Towne Center bonds. In each of the fiscal years ended December 31, 2015 through 2017, the City has budgeted, appropriated and provided funds to cover such shortfalls of $224,000, $130,500 and $180,000, respectively. The City is refinancing the Harrisonville Towne Center bonds with the proceeds of the Bonds.

In December 2009, the City issued $9,000,000 original principal amount of Tax Increment Revenue Note for the purpose of providing funds to pay for certain reimbursable costs associated with a Cooperative, Financing and Pledged Agreement between the City, the developer of the Market Place redevelopment project and two related transportation development districts. The City has pledged the incremental payments in lieu of taxes, economic activity taxes revenues and additional revenues generated within each transportation development district to the payment of such notes. Such notes do not constitute a general obligation of the City.

Other Obligations of the City

In 2012, the City entered into a lease financing transaction pursuant to which $7,830,000 Refunding Certificates of Participation (City of Harrisonville, Missouri Projects) Series 2012 (the "**Series 2012 Certificates**") were issued in order to refund a prior lease financing entered into in 2003 to finance the City's new community center facility, renovations and improvements to the City's existing City Hall building and its fire station and emergency medical services facility and to acquire an aerial ladder fire truck. The property subject to the lease financing includes the City's community center facility and its fire station and emergency medical service facility. The Series 2012 Certificates mature on December 1 of each year with a final scheduled maturity date of December 1, 2022. As of December 31, 2017, $3,930,000 of the Series 2012 Certificates remained outstanding.

The City entered into a capital lease agreement for the purchase of fitness equipment for the community center. The City currently makes yearly payments of $10,005. As of December 31, 2017, the remaining outstanding amount on the lease including principal and interest was $1,627.09 and its was paid in full in February 2018. In February 2018, the City entered into a subsequent capital lease agreement for the purchase of additional fitness equipment for its community center pursuant to which the City will make yearly payment of $10,104, with the final monthly lease payment due in January 2021.

Pension Plans

The City contributes to the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multi-employer, statewide public employee retirement plan for un its of local government which is legally separate and fiscally independent of the State. LAGERS was established in 1967 and is administered in accordance with RSMo. 70.600-70.755. LAGERS serves approximately 668 local participating employers. These participating employers include 299 cities, 60 counties, and 323 other public entities during the plan year ended June 30, 2016.

Responsibility for the operation and administration of the plan is vested in the LAGERS Board of Trustees consisting of seven persons. Three trustees are elected by the employees who participate in the system, three trustees are elected by the members of the governing bodies of those political subdivisions which participate in the system and one trustee is appointed by the governor. The regular term of office for members of the LAGERS Board of Trustees is four years. Members of the LAGERS Board of Trustees serve without compensation with respect to their duties, but are reimbursed by LAGERS for their actual and necessary expenses incurred in the performance of their duties.

See Note 9 to the City's Comprehensive Annual Financial Report for Fiscal Year ended December 31, 2016 attached as **Appendix B** to the Official Statement for additional information relating to the City's participation in LAGERS membership and the City's liability and net pension assets.

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The City currently produces financial statements that are in conformity with generally accepted accounting principles. The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate.

An annual budget is prepared under the direction of the City Administrator and submitted to the Board of Aldermen for consideration prior to the fiscal year commencing on January 1. The operating budget includes proposed expenditures and revenue sources. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted through the adoption of an ordinance. The primary basis of budgetary control is at the departmental level. The City Administrator is authorized to transfer budgeted amounts between programs within any department; however, any revisions that alter the total expenditures of any department must be approved by the Board of Aldermen. Formal budgetary integration is employed as a management control device during the year for all funds. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted governmental auditing standards. The annual audit for the fiscal year ending December 31, 2016 was performed by Dana F. Cole & Company, LLP, Overland Park, Kansas. Copies of the audit reports for the past 5 years are on file in the City Administrator's Office and are available for review.

Sources of Revenue

The City finances its operations through the following taxes and other miscellaneous sources as indicated below for the 2016 fiscal year, the last fiscal year for which audited financial statements are available:

Source	Amount	Percent
Taxes:		
Property	$ 967,740	7.61%
Sales	4,695,188	36.92%
Franchise	1,450,532	11.41%
Other	347,882	2.74%
Licenses, Fees and Permits	189,068	1.49%
Charges for Services	4,062,842	31.94%
Grants	48,312	3.82%
Fines and Forfeitures	222,035	1.75%
Investment earnings	56,623	0.45%
Miscellaneous	241,132	1.90%
TOTAL	$ 12,718,354	100.00%

(*Remainder of this page intentionally left blank*)

Summary Statement of Revenues, Expenditures and Changes in Governmental Funds

The following table contains a summary statement of revenues, expenditures and changes in the City's governmental funds for the fiscal years ended December 31, 2014, 2015 and 2016. The information has been derived from the audited financial statements of the City.

	Fiscal Year Ending December 31,		
	2014 (audited)	**2015** (audited)	**2016** (audited)
REVENUES:			
Taxes:			
Property	$ 957,930	$ 971,143	$ 967,740
Sales	4,532,729	4,530,932	4,695,188
Franchise[1]	1,601,918	1,904,019	1,450,532
Other	338,935	345,644	347,882
Licenses, fees and permits	124,911	148,648	189,068
Fines and forfeitures	282,196	227,768	222,035
Charges for services	3,969,978	3,992,870	4,062,842
Grants	258,367	293,635	485,312
Investment earnings	40,726	41,110	56,623
Miscellaneous	307,504	271,252	241,132
Total Revenues	**$ 12,415,194**	**$ 12,727,021**	**$ 12,718,354**
EXPENDITURES::			
General Government	$ 1,857,424	$ 1,578,196	$ 1,593,951
Administration of Justice	2,824,957	2,545,685	2,568,837
Street	900,050	759,010	837,799
Economic Development	296,174	431,365	455,440
Animal Control	177,458	194,045	178,943
Airport	162,129	177,497	196,537
Ambulance	2,229,575	2,224,086	2,307,984
Park	505,454	463,685	474,849
Community Center	1,284,251	1,122,009	1,123,877
Towne Center Project	8,126	7,654	7,075
Capital outlay	1,163,730	733,847	950,944
Debt Services:			
Principal	1,006,082	1,030,336	1,105,726
Interest	521,915	500,477	467,297
Total Expenditures	$ 12,937,325	$ 11,767,892	$ 12,269,259
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	**$ (522,131)**	**$ 959,129**	**$ 449,095**
Total other financing sources (uses)	(23,095)	–	–
NET CHANGE IN FUND BALANCES	**$ (545,226)**	**$ 959,129**	**$ 449,095**
Fund Balance, Beginning of Fiscal Year	6,935,734	6,390,508	7,349,637
FUND BALANCE, End of Fiscal Year	**$ 6,390,508**	**$ 7,349,637**	**$ 7,798,732**

[1] Yearly fluctuations in franchise fees are the result of settlements with telephone companies relating to liability for local franchise fees and taxes.

Property Valuations

Assessment Procedure. All taxable real and personal property within the City is assessed annually by the County Assessor. Missouri law requires that real property be assessed at the following percentages of true value:

Residential real property	19%
Agricultural and horticultural real property	12%
Utility, industrial, commercial, railroad and all other real property	32%

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the Missouri General Assembly adopted a maintenance law in 1986. Beginning January 1, 1987, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within his or her county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The assessment ratio for personal property is generally 33 1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 1/2%; livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; and poultry, 12%.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

Current Assessed Valuation. The following table shows the total assessed valuation and the estimated actual valuation, by category, of all taxable tangible property situated in the City according to the assessment as of January 1, 2017, including state assessed railroad and utility property, subject to final adjustment and equalization:

	Assessed Valuation	Assessment Rate	Estimated Actual Valuation
Real Estate:			
Residential	$ 65,576,220	19%	$ 345,138,000
Commercial	40,071,590	32%	125,223,719
Agricultural	150,330	12%	1,252,750
Locally Assessed Railroad & Utilities	40,255	32%	125,797
State Assessed Railroad & Utilities	734,796	32%	2,296,238
Total Real Estate	$ 106,573,191		$ 474,036,503
Personal Property[(1)]:			
General	$ 23,460,003	33 1/3%	$ 70,380,009
Local Assessed Railroad & Utilities	72,082	33 1/3%	216,246
State Assessed Railroad & Utilities	232,170	33 1/3%	696,510
Total Personal Property	23,764,255		71,292,765
Totals	$ 130,337,446		$ 545,329,268

(1) Assumes all personal property is assessed at 33 1/3%; because certain subclasses of tangible personal property are assessed at less than 33 1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See "Assessment Procedure" above.

Source: Cass County Clerk's Office.

Historical Assessed Valuation. The total assessed valuation of all taxable tangible property situated in the City, including state assessed railroad and utility property, according to the assessments of January 1 in each of the following years, has been as follows:

Year	Real Property	Personal Property	Total Assessed Valuation
2012	$95,845,535	$22,091,806	$117,937,341
2013	94,552,735	22,682,321	117,235,056
2014	94,992,339	25,948,277	120,940,616
2015	96,409,365	25,097,110	121,506,475
2016	96,807,843	23,807,868	120,615,711
2017	106,573,191	23,764,255	130,337,446

Source: City's Comprehensive Annual Financial Report for Fiscal Year ended December 31, 2016; Final Assessment Report from the Cass County Clerk for 2017.

Property Tax Levies and Collections

Property taxes are levied and collected by the City. 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, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates required to produce such amounts. 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 debt for the ensuing budget year. Such estimates are based on the assessed valuation figures provided by the County Clerk. The City must fix its ad valorem property tax rates and certify them to the County Clerk not later than September first for entry in the tax books.

The County Clerk receives the county tax books from the County Assessor, which set forth the assessments of real and personal property. The County Clerk enters the tax rates certified to him by the local taxing bodies in the tax books and assesses such rates against all taxable property in the City as shown in such books. The County Clerk forwards the tax books by October 31 to the County Collector, who is charged with levying and collecting taxes as shown therein. The County Collector extends the taxes on the tax rolls and issues the tax statements in early December. Taxes are due by December 31 and become delinquent if not paid to the County Collector by that time. All tracts of land and city lots on which delinquent taxes are due are charged with a penalty of eighteen percent of each year's delinquency. All lands and lots on which taxes are delinquent and unpaid are subject to sale at public auction in August of each year.

The County Collector is required to make disbursements of collected taxes to the City each month. Because of the tax collection procedure described above, the City receives the bulk of its moneys from local property taxes in the months of December, January and February.

Tax Rates

Debt Service Levy. The City does not impose debt service levy because there are no general obligation bonds outstanding. Once indebtedness has been approved by the constitutionally required percentage of the voters voting therefor and bonds are issued, the City is required under Article VI, Section 26(f) of the Missouri Constitution to levy an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness as they fall due and to retire the same within 20 years from the date of issue. The Board of Aldermen may set the tax rate for debt service, without limitation as to rate or amount, at the level required to make such payments.

Operating Levy. The current operating levy of the City is $0.6868 per $100 of assessed valuation. The operating levy does not require annual voter approval but the Board of Aldermen cannot raise the rate above that approved in the last election without the approval of a majority of the voters voting thereon. Under Article X, Section 11(c) of the Missouri Constitution, any increase in the City's operating levy above $1.00 must be approved by two-thirds of the voters voting on the proposition.

The following table shows the City's operating levy, the state levy and other governmental unit operating levy for the past five years (per $100 of assessed valuation):

Fiscal Year Ended December 31,	City					
	General Fund	Park Fund	Total Direct	State	Other	Total Levy
2012	$0.5585	$0.1264	$0.6849	$0.0300	$6.1832	$6.8781
2013	0.5658	0.1280	0.6938	0.0300	6.1832	6.9070
2014	0.5672	0.1283	0.6955	0.0300	6.1832	6.9087
2015	0.5672	0.1283	0.6955	0.0300	6.1808	6.9063
2016	0.5672	0.1283	0.6955	0.0300	6.1808	6.9063
2017	0.5430	0.1228	0.6868	0.0300	6.1648	6.8606

The following table sets forth the ten largest property taxpayers in the City based upon assessed valuation as of December 31, 2016.

Name of Taxpayer	Local Assessed Valuation[1]	Percentage of Total Local Assessed Valuation
Church & Dwight	$ 7,172,120	5.95%
Wal-Mart	3,167,500	2.63
HFMC Properties, LLC	2,420,110	2.01
Harrisonville MP II, LLC	2,219,230	1.84
Sutherlands Lumber Co.	1,461,150	1.21
Mill Walk Mall	1,431,000	1.19
Harrisonville Crossings Properties	930,630	0.77
RLP Development Company	656,470	0.54
Steve Flanery	648,300	0.54
Max Properties	647,300	0.54
Total	$ 20,753,810	17.70%

[1] Assessed valuation includes real estate and personal property, and excludes state assessed utilities.
Source: City's Comprehensive Annual Financial Report for Fiscal Year ended December 31, 2016.

Tax Collection Record

The following table sets forth tax collection information for the City for the last five Fiscal Years.

Fiscal Year Ended December 31,	Tax Levied	Current and Delinquent[1] Taxes Collected Amount	%
2012	$807,753	$806,322	99.82%
2013	813,377	812,253	99.86
2014	841,142	836,497	99.80
2015	845,078	835,978	98.92
2016	838,882	774,804	92.36

(1) Taxes paid under protest are held by the Cass County Collector until the protest is resolved. This schedule presents taxes paid under protest at June 30 as delinquent, and subsequent remittances to the City are included as delinquent taxes.

Note: Amounts related to railroad and utility property taxes are not included.

Source: City's Comprehensive Annual Financial Report for Fiscal Year ended December 31, 2016.

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX B

FINANCIAL STATEMENTS OF THE CITY

(THIS PAGE INTENTIONALLY LEFT BLANK)

CITY OF HARRISONVILLE, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2016

Prepared by: Marcella McCoy
Director of Finance

(This page has been left blank intentionally)

CITY OF HARRISONVILLE, MISSOURI
TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1 - 2
Organization Chart	3
Principal Officials	4
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	5 - 7
MANAGEMENT'S DISCUSSION AND ANALYSIS	8 - 15
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	16 - 17
Statement of Activities	18 - 19
Fund Financial Statements	
Balance Sheet - Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21 - 22
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Governmental Funds	23 - 24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) of Governmental Funds to the Statement of Activities	25 - 26
Statement of Net Position - Proprietary Funds	27 - 28
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	29
Statement of Cash Flows - Proprietary Funds	30 - 31
Statement of Net Position - Fiduciary Funds	32
Notes to Financial Statements	33 - 64
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	65 - 66
Budgetary Comparison Schedule - Major Special Revenue Funds	67
Notes to Budgetary Comparison Schedules	68
Schedule of Employer's Contributions	69
Schedule of Employer's Share of Net Pension Liability	70
OTHER SUPPLEMENTARY INFORMATION	
Nonmajor Governmental Funds - Combining Balance Sheet	71
Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	72
Nonmajor Enterprise Funds - Combining Statement of Net Position	73
Nonmajor Enterprise Funds - Combining Statement of Revenues, Expenses, and Changes in Net Position	74

CITY OF HARRISONVILLE, MISSOURI
TABLE OF CONTENTS

	Page
OTHER SUPPLEMENTARY INFORMATION (Continued)	
Nonmajor Enterprise Funds - Combining Statement of Cash Flows	75 - 76
Nonmajor Special Revenue Funds - Budgetary Comparison Schedule	77
Debt Service Fund - Budgetary Comparison Schedule	78
All Proprietary Funds - Budgetary Comparison Schedule	79 - 80
STATISTICAL SECTION (UNAUDITED)	
Net Position by Component	81
Changes in Net Position	82 - 83
Fund Balances, Governmental Funds	84
Changes in Fund Balances, Governmental Funds - Modified Accrual	85 - 86
Assessed Value of Taxable Property	87
Direct and Overlapping Property Tax Rates	88
Principal Property Taxpayers	89
Property Tax Levies and Collections	90
Direct and Overlapping Sales Tax Rates	91
Taxable Retail Sales	92
Ratios of Outstanding Debt by Type	93
Computation of Legal Debt Margin	94
Computation of Direct and Estimated Overlapping Debt	95
Demographic Statistics	96
Principal Employers	97
Schedule of Property Value, Construction Permits Issued, and Total Dollars on Deposit at Year-End with Local Banks and Savings and Loans	98
Capital Asset Statistics by Function/Program	99
Full-Time Equivalent City Government Employees by Function/ Program	100
REPORTS REQUIRED UNDER *GOVERNMENT AUDITING STANDARDS*	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	101 - 102
Schedule of Findings and Responses	103
Summary Schedule of Prior Audit Findings	104

INTRODUCTORY SECTION

(This page has been left blank intentionally)

City of Harrisonville est. 1836

P.O. Box 367, 300 East Pearl Street- Harrisonville, Missouri 64701

April 27, 2017

Honorable Mayor and Members of the Board of Aldermen:

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Harrisonville, Missouri, for the fiscal year ended December 31, 2016. This report is required under RSMo. 105.145 and is submitted for your information and review.

The responsibility for accuracy, completeness, and fairness of the data presented, including all disclosures, rests with the City. I believe the report as presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of annual operations of the City, both on a government-wide and a fund basis.

The City of Harrisonville Finance Department prepares the year-end trial balances and supporting schedules and assists in the preparation of the financial statements, which undergo an annual audit by an independent certified public accountant. The City's financial statements have been audited by the accounting firm of Dana F. Cole & Company, LLP, and that audit resulted in an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2016, are fairly presented in conformity with accounting principles generally accepted in the United States of America. That opinion, and the procedures and testing that led to it, is found in the "Independent Auditors' Report" at the beginning of the Financial Section of the CAFR.

Following the independent auditors' report and opinion is management's discussion and analysis (MD&A) of the financial statements. This analysis, along with the basic financial statements and notes, provides an overview of the City's financial position and operating results. The supplemental and statistical sections help provide a broader understanding of Harrisonville and, along with the introductory section, provide context to the report.

Profile of the City of Harrisonville

The town of Harrisonville was established in 1837 and was named in honor of Albert G. Harrison, one of the first two U.S. Congressional representatives elected from the state of Missouri. Harrisonville became incorporated in 1851. S.G. "Squire" Allen was appointed the first mayor of the town in 1857, and Col. H. W. Younger, father of the infamous Cole Younger, was elected mayor in 1859. There is a rich local history of the Civil War era in Harrisonville, and in the decades following the war, the town grew in importance as the county seat of Cass County and as a transportation hub for the region.

Today, Harrisonville is home to approximately 10,000 residents, with manufacturing and distribution facilities representing several major national firms. It still serves as a transportation center, with Interstate 49 and several state highways providing access to the Kansas City metropolitan area as well as the recreation areas of south-central Missouri.

The City of Harrisonville, Missouri, is a fourth-class city organized under Missouri statutes and is governed by a Mayor and eight-member Board of Aldermen, two from each of the four wards. The Mayor and Board appoint a City Administrator to serve as the chief administrative officer of the City, and to oversee the operations of all City departments. Harrisonville provides a full complement of general governmental services including police and fire protection, emergency medical services, parks and recreation, public works services, an airport, and general administrative services. The City also provides electrical distribution, water, and sanitary sewer services, all of which are accounted for in the financial statements as business-type activities.

Factors affecting financial conditions

Local economy - Overall retail sales have recovered to the levels enjoyed prior to the recession, and we see some local businesses investing in renewal. While housing remains tied to the stable population, economic development continues to focus on the creation and expansion of employment opportunities. Outside investors have continued to show interest in Harrisonville's location and workforce when considering potential business sites. Harrisonville's place as a regional trade center for basic goods and services has helped shelter the community from more severe economic downturns.

Long-term financial planning - The City of Harrisonville prepares a five-year Capital Improvement Plan (CIP) for constructing, maintaining, and replacing the City's physical infrastructure. These projects are reviewed annually and updated as conditions, prices, resources, and priorities change. These projections are included as a part of the five-year financial projection of each of the City's operating funds during the Board of Aldermen's annual budget process. By Board policy, the City maintains a reserve in each of the operating funds for budgetary and planning purposes.

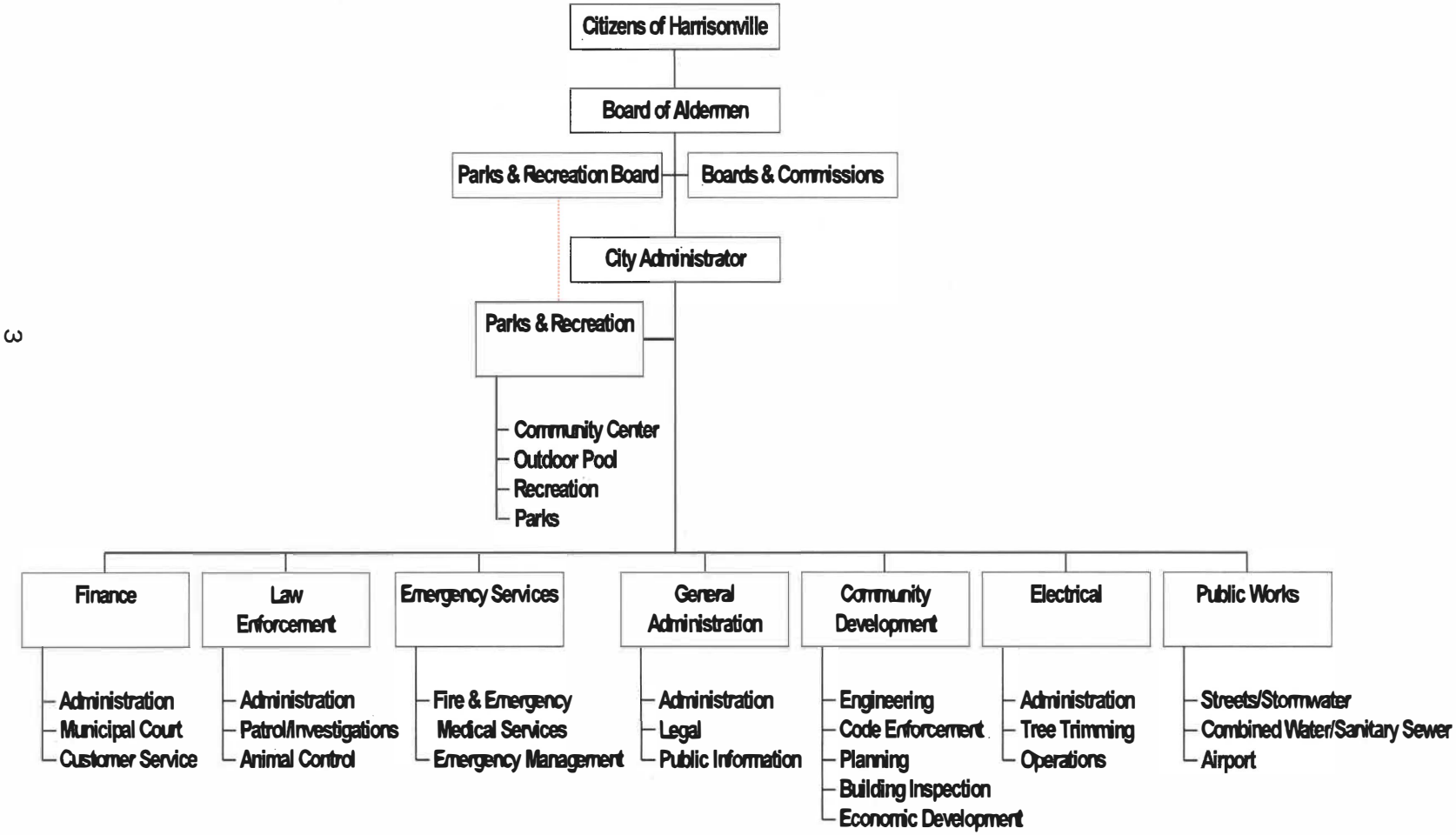
Cash management and risk management - The primary concern of the City's cash management policy is the safety of principal. The City follows a conservative investment policy which is closely monitored by staff and reviewed annually. Investment yield remains low compared to historical averages, but the security of the investment principal is the City's overarching priority. Cash balances of the various funds are consolidated for maximum earnings flexibility. Following the close of the fiscal year, the City renewed all major insurance policies after a review and update of exposures and pricing. With both cost and risk on the increase, insurance coverage is an area which receives significant attention.

The preparation of this report would not have been possible without the year-round dedication and hard work of the staff of the Finance Department, with special recognition to our Accounting Specialist, Debra Goss. The City's independent audit firm of Dana F. Cole & Company, LLP, was instrumental in the preparation of this report and highly professional in their dealings with our staff. I would also like to thank Mayor Hasek, the Board of Aldermen, and Interim City Administrator Mike Tholen for their continued interest in and support of the maintenance of the financial health of our City.

Respectfully submitted,

Marcella McCoy
Director of Finance

City of Harrisonville est. 1836



(This page has been left blank intentionally)

CITY OF HARRISONVILLE, MISSOURI
PRINCIPAL OFFICIALS
DECEMBER 31, 2016

MAYOR AND BOARD OF ALDERMEN

Brian Hasek	Mayor
Brad Bockelman	Alderman Ward I
Judy Bowman	Alderman Ward I
Judy Reece	Alderman Ward II
Marcia Milner	Alderman Ward II
David Dickerson	Alderman Ward III
Clint Long	Alderman Ward III
Josh Stafford	Alderman Ward IV
Matt Turner	Alderman Ward IV

ADMINISTRATOR AND DEPARTMENT HEADS

Michael Tholen	Interim City Administrator
Eric Patterson	Director of Public Works and Water/Sewer Superintendent
	Electric Department Director
Rodney Jacobs	Street Superintendent
Chris Deal	Director of Parks and Recreation
	Director of Community Development
	City Clerk
Marcella McCoy	Director of Finance
John Hofer	Chief of Police
Eric Myler	Interim Fire Chief and Director of Emergency Management
John Fairfield	City Attorney
Kevin Anderson	Municipal Judge
Joseph Cambiano	City Prosecuting Attorney

INDEPENDENT AUDITORS

Dana F. Cole & Company, LLP

(This page has been left blank intentionally)

FINANCIAL SECTION

(This page has been left blank intentionally)

DANA F. COLE
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the Board of Aldermen
City of Harrisonville, 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 unit, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri, as of and for the year ended December 31, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 of material misstatement.

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, 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 unit, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri, as of December 31, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 - 15, the budgetary comparison schedules on pages 65 - 68, the schedule of employer's contributions on page 69, and the schedule of employer's share of net pension liability on page 70 be presented to supplement the basic financial statements. Such information, although not a 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Harrisonville, Missouri's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information on pages 71 - 80 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. Such 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, the other supplementary information on pages 71 - 80 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections on pages 1 - 4 and 81 - 100 have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2017, on our consideration of the City of Harrisonville, Missouri's internal control over financial reporting and on 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 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 of Harrisonville, Missouri's internal control over financial reporting and compliance.

Dana F. Cole + Company, LLP

Overland Park, Kansas
April 27, 2017

The City of Harrisonville, Missouri, has prepared financial statements in accordance with GASB 34 guidelines since 2003. This section of the report is intended to provide a summary of the City's financial condition and outlook, and should be considered along with the transmittal letter and financial statements in any evaluation of the City's financial condition.

Fiscal Year Highlights

The City of Harrisonville, Missouri, continues to be a financially stable community as the economy begins to turn upward. Tax revenues decreased in fiscal year 2016 compared to fiscal year 2015 by about $290,000. The overall net position has increased in both governmental and business-type activities. The City of Harrisonville, Missouri's central location in the county and its status as a full-service city help maintain that stability and allow for many forward-looking investments:

These statements include the Towne Center TIF expenditures, which impact the net position of the City. The anchor tenant opened in spring 2007. One additional padsite has been occupied, and a hotel has been opened on the south end. The two remaining padsites are still open for development. The City budgeted and contributed general funds to help meet the debt service schedule in 2016, but will need additional development to continue to service the debt without impacting other City funds.

The collection of sales tax revenues exceeded previous levels. While the City has been recovering from the downturn, the revenue from existing sales taxes showed little overall growth in recent years. This could be an area of concern if continued over time since the sales tax is the largest single revenue source to the General Fund, and forms the basis of debt service payments for the Community Center. Sales tax revenues mirror national and regional economic trends, which are largely outside the City's control, but are important to both our community and our revenue stream. These trends are closely monitored by City staff for their effect on both present and projected expenditure plans.

The City's business-type activities (utility funds) showed a slight increase in sales and usage as a result of typical weather patterns for the year. Utility customer and load growth is a key indicator of the community's financial health, as the number of residents is tied directly to available revenues and demands for City services. Prior to fiscal year 2012, the City revised its administrative charge schedule, which resulted in lower utility rates and reduced transfers to the General Fund. The City forecasts stable utility rates for the next few years. Water rates were increased in June 2016 as part of the need to finance voter-approved water treatment plant improvements.

The Comprehensive Annual Financial Report

This comprehensive annual financial report consists of six parts:

Introductory section which includes the transmittal letter,
Management's discussion and analysis (this part),
Basic financial statements and accompanying notes,
Required supplementary information,
Other supplementary information, and
Statistical information

The Comprehensive Annual Financial Report (Continued)

In prior years, the principal focus of local governmental financial statements was to summarize fund-type information on a current financial resource basis. This current accounting model presents information in two ways. The government-wide financial statements provide both short- and long-term information about the City's overall financial status. These are prepared on a full accrual basis to present information in a format more familiar to corporate accounting users. Fund financial statements are still included to provide useful information on individual parts of the government.

Government-Wide Financial Statements

The basic financial statements include two government-wide financial statements: the statement of net position and the statement of activities. These statements can be found on pages 16 through 19. The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by the private sector.

The City is divided into the following activities:

Governmental activities - All of the City's basic services are considered governmental activities, including public safety, public works, general administration, and parks. These activities are supported primarily with general revenue such as sales and property taxes, fines, and permit fees.

Business-type activities - The City's enterprise activities are included here. These operations charge a fee for services that is intended to recover the cost of operations.

Fund Financial Statements

Another major section of the basic financial statements is the fund financial statements, found on pages 20 through 32, along with their explanatory notes on pages 33 through 64. The fund financial statements provide detailed information about each of the City's most significant funds, called "major funds." All other funds are summarized and presented in a single column called "nonmajor."

The City of Harrisonville, Missouri, currently has two kinds of funds:

Governmental funds - Most of the City's basic services are included in governmental funds. These statements are prepared on a modified accrual basis, meaning they measure current financial resources and uses. Capital assets and other long-lived assets, along with any long-term liabilities, are not presented in the governmental fund statements, but additional information about them is provided at the bottom of the statements, and in the notes.

Proprietary funds - These statements include business-type enterprise funds. The statements for these funds are presented on the accrual basis and include all assets and liabilities, both current and long-term. This is the same basis used on the government-wide financial statements.

Statement of Net Position

The following table summarizes the combined statement of net position as of December 31, 2016, compared with the same information for the fiscal year ending December 31, 2015:

City of Harrisonville, Missouri's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current and other assets	17,717,645	19,018,583	11,855,494	12,348,414	29,573,139	31,366,997
Capital assets	22,896,321	23,183,383	35,853,483	35,721,340	58,749,804	58,904,723
Deferred outflows of resources	2,962,217	1,395,495	742,950	352,649	3,705,167	1,748,144
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	43,576,183	43,597,461	48,451,927	48,422,403	92,028,110	92,019,864
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Other liabilities	681,477	785,446	1,827,866	1,984,510	2,509,343	2,769,956
Long-term liabilities	20,659,046	21,798,527	8,560,057	9,465,003	29,219,103	31,263,530
Deferred inflows of resources	476,135	54,653	66,835	31,724	542,970	86,377
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	21,816,658	22,638,626	10,454,758	11,481,237	32,271,416	34,119,863
NET POSITION						
Net investment in capital assets	18,094,342	17,620,666	27,020,727	25,724,107	45,115,069	43,344,773
Restricted	1,238,641	1,000,182	2,424,296	1,745,814	3,662,937	2,745,996
Unrestricted (deficit)	2,426,542	2,337,987	8,552,146	9,471,245	10,978,688	11,809,232
TOTAL NET POSITION	21,759,525	20,958,835	37,997,169	36,941,166	59,756,694	57,900,001

Statement of Net Position (Continued)

The summary reveals the overall balance in the City between governmental assets and business-type assets. The governmental activities capital assets include the cost of additions, while the long-term obligations and restricted assets in the same column reveal the offsetting debt, final construction obligations, and financing reserves, as well as the debt associated with the Towne Center TIF.

Statement of Activities

The following table reflects the revenues and expenses for the City's activities for the fiscal year ending December 31, 2016, compared with the same information for the fiscal year ending December 31, 2015:

City of Harrisonville, Missouri's Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
REVENUES	2016	2015	2016	2015	2016	2015
Program revenues						
Charges for services	4,473,945	4,369,286	16,846,118	16,830,615	21,320,063	21,199,901
Operating grants and contributions	132,527	293,635			132,527	293,635
Capital grants and contributions	352,785			91,811	352,785	91,811
General revenues						
Taxes	7,461,342	7,751,738			7,461,342	7,751,738
Investment earnings	56,623	41,110	246,329	239,868	302,952	280,978
Transfers				(200,000)		(200,000)
Other miscellaneous revenues	237,769	271,252	60,480	153,871	298,249	425,123
Total revenues	12,714,991	12,727,021	17,152,927	17,116,165	29,867,918	29,843,186
EXPENSES						
General Government	1,717,240	1,583,748			1,717,240	1,583,748
Administration of Justice	2,877,989	2,645,741			2,877,989	2,645,741
Street	1,157,722	1,001,075			1,157,722	1,001,075
Economic Development	502,984	431,396			502,984	431,396
Animal Control	192,369	192,396			192,369	192,396
Airport	339,387	308,994			339,387	308,994
Emergency Services	2,497,603	2,310,217			2,497,603	2,310,217
Park	606,756	550,704			606,756	550,704

Statement of Activities (Continued)

City of Harrisonville, Missouri's Statement of Activities (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
EXPENSES (Continued)						
Community Center	1,488,614	1,458,666			1,488,614	1,458,666
Towne Center TIF	7,075	7,654			7,075	7,654
Interest on long-term debt	526,562	559,742			526,562	559,742
Electric			11,249,953	10,969,788	11,249,953	10,969,788
Water/Sewer			4,079,377	3,953,599	4,079,377	3,953,599
Aquatic Center			262,529	247,561	262,529	247,561
Refuse			505,064	494,998	505,064	494,998
Total expenses	11,914,301	11,050,333	16,096,923	15,665,946	28,011,224	26,716,279
CHANGE IN NET POSITION	800,690	1,676,688	1,056,004	1,450,219	1,856,694	3,126,907
NET POSITION, beginning of year	20,958,835	19,282,147	36,941,165	35,490,946	57,900,000	54,773,093
NET POSITION, end of year	21,759,525	20,958,835	37,997,169	36,941,165	59,756,694	57,900,000

This summary shows that approximately 71% of total revenues are charges for services. The majority of the City's total revenue comes from the business-type activities of the Electric and Combined Water and Sanitary Sewer Utilities. In the governmental activities area, taxes were the largest single source of income, led by the sales tax revenues.

Total program expenses for 2016 are $28,011,224 with the majority, $16,096,923, stemming from business-type activities. Governmental activities expenditures increased 7.8% from the previous fiscal year and business-type activities expenditures increased 2.8%. Both due primarily from increased expenses for the pension plan held by LAGERS.

Public safety expenses, at $5,375,592, totaled approximately 45% of the governmental activities, while the electric utility expenses compose the majority of the business-type expenses.

The total net position of the City increased 3.2% in 2016.

Fund Statements

The City of Harrisonville, Missouri, fund statements can be found on pages 20 through 32 of the financial statements. Governmental funds ended the year with an overall increase in fund balance and the business-type funds showed an overall increase in net position.

Budget Variances

There is one area of significant difference between the original adopted budget and the final approved budget for the City's General Fund in fiscal year 2016. It is in capital projects, which reflect the amount of unfinished capital work from 2015, which was re-appropriated into the 2016 budget, as well as several newly authorized construction projects and equipment purchases. All budget amendments are reviewed and approved by the Board of Aldermen.

Capital Assets

City of Harrisonville, Missouri's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	890,750	890,750	1,588,031	1,588,031	2,478,781	2,478,781
Buildings and improvements	23,838,134	23,815,104	18,112,043	18,112,043	41,950,177	41,927,147
Machinery and equipment	7,048,458	6,814,922			7,048,458	6,814,922
Equipment and transmission			40,302,354	37,840,823	40,302,354	37,840,823
Streets	6,959,923	6,638,115			6,959,923	6,638,115
Construction-in-progress	813,041	486,025	2,458,793	3,461,641	3,271,834	3,947,666
	39,550,306	38,644,916	62,461,221	61,002,538	102,011,527	99,647,454
Less accumulated depreciation	16,653,985	15,461,533	26,607,738	25,281,198	43,261,723	40,742,731
Total	22,896,321	23,183,383	35,853,483	35,721,340	58,749,804	58,904,723

Major Capital Asset Events, fiscal year 2016:

There were several improvements and equipment purchases made in 2016, including ongoing projects that are to be completed in the near future. One major improvement that has been in the design phase is the improvement to the water treatment plant. Funding for this improvement was approved by the voters to issue additional bonds utilizing the State Revolving Fund financing program through the Missouri Department of Natural Resources. The following is a short recap of improvements and purchases made in 2016.

Capital Assets (Continued)

Infrastructure improvements included:
- Annual overlay in excess of $214,000 and Independence Bridge completion of $17,600
- Airport improvements in excess of $344,000 utilizing grant funds
- Storm and sidewalk improvements in excess of $90,000
- Electrical distribution improvements totaling nearly $23,500
- Significant improvements to the water treatment plant of $575,000
- Major repair to the digester at the wastewater treatment plant of $805,600
- Miscellaneous water and sewer line improvements in the amount of $81,400

Equipment purchases and improvements included:
- Crack sealer machine, tasers, patrol vehicle, and servers totaling over $227,300
- Backyard digger for electric in the amount of $166,200 and finishing mower for parks in the amount of $20,300
- Ambulance and related equipment totaling over $168,000

Debt Administration

As of December 31, 2016, the City of Harrisonville, Missouri, had total long-term debt outstanding of $28,832,296. Details of the existing debt obligations of the City are discussed in Note 6 to the financial statements. The City continues to have no general obligation debt.

City of Harrisonville, Missouri's Debt Administration
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Tax Increment Revenue Note	9,000	9,000			9,000	9,000
Tax Increment Revenue Bonds	6,585	6,920			6,585	6,920
Revenue Bonds			8,182	9,045	8,182	9,045
Certificates of Participation	4,650	5,350			4,650	5,350
Capital Lease	98	144			98	144
Promissory Notes	127	152	190	221	317	373
Total	20,460	21,566	8,372	9,266	28,832	30,832

Economic Outlook

The City of Harrisonville, Missouri, continues to benefit from a relatively stable economic situation and shows some signs of progress. Overall employment has remained steady and sales tax collections have slightly increased. Some new retail development is still under way, and the City continues

Economic Outlook (Continued)

to be in the minds of potential commercial and industrial customers. The State of Missouri, in conjunction with local funding partners, completed construction of significant improvements to the interchange at I-49 and MO-291, as well as to MO-7 through Harrisonville. More improvements are under way to North MO-291 in partnership with the Missouri Department of Transportation and other local partners. Voters in November 2014 approved $7 million in revenue bonds to fund improvements in the City's water treatment plant and process which will provide better, cleaner water for years to come. The bonds are scheduled to be issued in January 2017 and the contractor has been awarded the project. Construction is scheduled to begin in February 2017 on the improvements to the water treatment plan. These public infrastructure investments should help maintain and strengthen our commercial base. The Board of Aldermen and City staff take a vigilant approach to monitoring the City's financial health, identifying and acting on trends in order to forestall any major problems.

Financial Contact

These financial statements are designed to provide a general overview of the City's finances and to demonstrate the City's accountability. Any questions or request for additional information should be directed to the Director of Finance, 300 E. Pearl Street, Harrisonville, Missouri 64701.

(This page has been left blank intentionally)

BASIC FINANCIAL STATEMENTS

(This page has been left blank intentionally)

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Cash (claim on cash)	(137,841)	506,611	368,770	
Investments	4,984,448	5,667,783	10,652,231	
Accounts receivable, net of allowance for doubtful accounts	657,061	2,144,600	2,801,661	
Grants receivable	72,338		72,338	
Taxes receivable	922,106		922,106	196,293
Inventories	113,800	717,359	831,159	
Prepaid expenses	244,962	99,197	344,159	
Restricted cash	1,242,788	377,464	1,620,252	124,860
Restricted investments		2,046,832	2,046,832	
Due from component unit	9,380,547	200,000	9,580,547	
Net pension asset	237,436	95,648	333,084	
Capital assets				
Land	890,750	1,588,031	2,478,781	
Construction-in-progress	813,041	2,458,793	3,271,834	
Other capital assets, net of accumulated depreciation	21,192,530	31,806,659	52,999,189	
TOTAL ASSETS	40,613,966	47,708,977	88,322,943	321,153
DEFERRED OUTFLOWS OF RESOURCES				
Resources to be recognized in future pension expense	2,670,467	742,950	3,413,417	
Unamortized payment to escrow agent on defeasance of long-term debt	291,750		291,750	
Total deferred outflows of resources	2,962,217	742,950	3,705,167	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	43,576,183	48,451,927	92,028,110	321,153

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
LIABILITIES				
Accounts payable	213,837	790,615	1,004,452	15,820
Accrued expenses	289,534	56,621	346,155	
Unearned revenue	151,331	91,911	243,242	
Liabilities payable from restricted assets	26,775		26,775	
Meter deposits		888,719	888,719	
Due to primary government				9,380,547
Due to developers				5,326,059
Noncurrent liabilities				
Due within one year	1,428,046	1,057,344	2,485,390	
Due in more than one year	19,231,000	7,502,713	26,733,713	
TOTAL LIABILITIES	21,340,523	10,387,923	31,728,446	14,722,426
DEFERRED INFLOWS OF RESOURCES				
Resources to be recognized in future pension expense	476,135	66,835	542,970	
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	21,816,658	10,454,758	32,271,416	14,722,426
NET POSITION				
Net investment in capital assets	18,094,342	27,020,727	45,115,069	
Restricted for:				
Capital improvements		152,989	152,989	
Debt service	1,104,403	2,271,307	3,375,710	
Other purposes	138,385		138,385	
Unrestricted (deficit)	2,422,395	8,552,146	10,974,541	(14,401,273)
TOTAL NET POSITION	21,759,525	37,997,169	59,756,694	(14,401,273)

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

Functions/programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total	Component Unit
Primary government								
Governmental activities								
General Government	1,722,897	1,964,977	132,527		374,607		374,607	
Administration of Justice	2,877,989	222,035			(2,655,954)		(2,655,954)	
Street	1,157,722				(1,157,722)		(1,157,722)	
Economic Development	497,326				(497,326)		(497,326)	
Animal Control	192,369				(192,369)		(192,369)	
Airport	339,387			352,785	13,398		13,398	
Emergency Services	2,497,603	1,351,037			(1,146,566)		(1,146,566)	
Park	606,756	83,414			(523,342)		(523,342)	
Community Center	1,488,614	852,482			(636,132)		(636,132)	
Towne Center Project	7,075				(7,075)		(7,075)	
Interest on long-term debt	526,562				(526,562)		(526,562)	
Total governmental activities	11,914,300	4,473,945	132,527	352,785	(6,955,043)		(6,955,043)	
Business-type activities								
Electric	11,249,953	11,328,726				78,773	78,773	
Water/Sewer	4,079,377	4,864,960				785,583	785,583	
Aquatic Center	262,529	147,697				(114,832)	(114,832)	
Refuse	505,064	504,735				(329)	(329)	
Total business-type activities	16,096,923	16,846,118				749,195	749,195	
Total primary government	28,011,223	21,320,063	132,527	352,785	(6,955,043)	749,195	(6,205,848)	
Market Place Component Unit	598,677							(598,677)

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
General revenues								
Taxes								
Property tax					967,740		967,740	
Local sales tax					4,695,188		4,695,188	442,480
Franchise taxes					1,450,532		1,450,532	
Other taxes					347,882		347,882	178,749
Investment earnings					56,623	246,329	302,952	235
Gain on sale of assets					23,704	10,859	34,563	
Reimbursements					97,540		97,540	
Other miscellaneous revenues					116,524	49,621	166,145	
Total general revenues					7,755,733	306,809	8,062,542	621,464
CHANGE IN NET POSITION					800,690	1,056,004	1,856,694	22,787
NET POSITION (DEFICIT), beginning of year					20,958,835	36,941,165	57,900,000	(14,424,060)
NET POSITION (DEFICIT), end of year					21,759,525	37,997,169	59,756,694	(14,401,273)

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General Fund	Sales Tax Fund	Community Center Fund	Towne Center TIF Fund	Emergency Services Fund	Nonmajor Funds	Total Governmental Funds
ASSETS							
ASSETS							
Cash (claim on cash)	237,889	51,235	(4,130)	536	(462,294)	38,923	(137,841)
Investments	4,984,448						4,984,448
Accounts receivable			47,337		609,724		657,061
Grants receivable	72,338						72,338
Taxes receivable	554,922	95,616		176,850	47,808	46,910	922,106
Due from component unit	275,000						275,000
Inventories	70,390				43,410		113,800
Prepaid insurance	152,598		19,558		63,583	9,223	244,962
Restricted cash	138,385			726,963		377,440	1,242,788
TOTAL ASSETS	6,485,970	146,851	62,765	904,349	302,231	472,496	8,374,662
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	132,374		32,797	1,000	31,717	15,949	213,837
Accrued expenses	117,640		22,982		43,365		183,987
Unearned revenue	64,332		58,401		14,046	14,552	151,331
Liabilities payable from restricted assets	26,775						26,775
Total liabilities	341,121		114,180	1,000	89,128	30,501	575,930
FUND BALANCES							
Nonspendable	222,988		19,558		106,993	9,223	358,762
Restricted	111,610			903,349		377,440	1,392,399
Assigned		146,851			106,110	55,332	308,293
Unassigned (deficit)	5,810,251		(70,973)				5,739,278
Total fund balances	6,144,849	146,851	(51,415)	903,349	213,103	441,995	7,798,732
TOTAL LIABILITIES AND FUND BALANCES	6,485,970	146,851	62,765	904,349	302,231	472,496	8,374,662

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

Amounts reported for governmental activities in the statement of net position are different because:		
Fund balance - total governmental funds		7,798,732
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	39,550,306	
Less accumulated depreciation	(16,653,985)	22,896,321
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Certificates of participation	(4,650,000)	
Tax increment revenue bonds	(6,585,000)	
Tax increment note payable	(9,000,000)	
Promissory notes payable	(126,602)	
Accrued interest payable	(105,548)	
Capital lease payable	(98,744)	(20,565,894)
Governmental funds report the effect of issuance costs, premiums, and discounts when the debt is first issued, whereas these amounts are deferred and amortized in the government-wide statements.		
Bond discount	104,329	
Bond premium	(42,857)	
Unamortized payment to escrow agent for defeasance on long-term debt	291,750	353,222
Bond cost, net of amortization		
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(260,171)

CITY OF HARRISONVILLE, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

Assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Due from component unit for note payable and accrued interest		9,105,547
The effects of GASB 68 to record the net pension asset (liability) and related deferred outflows and inflows of resources are not reflected in the fund financial statements.		
Net pension asset	237,436	
Deferred outflows of resources to be recognized in future pension expense	2,670,467	
Deferred inflows of resources to be recognized in future pension expense	(476,135)	2,431,768
NET POSITION OF GOVERNMENTAL ACTIVITIES		21,759,525

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016

	General Fund	Sales Tax Fund	Community Center Fund	Towne Center TIF Fund	Emergency Services Fund	Nonmajor Funds	Total Governmental Funds
REVENUES							
Taxes							
Property	664,317			144,052		159,371	967,740
Sales	2,809,688	1,012,932		366,031	506,537		4,695,188
Franchise	1,450,532						1,450,532
Other	331,004					16,878	347,882
Licenses, fees, and permits	189,068						189,068
Charges for services	1,775,909		852,482		1,351,037	83,414	4,062,842
Grants	485,312						485,312
Fines and forfeitures	222,035						222,035
Interest	54,969	792	25	150		687	56,623
Proceeds from the sale of assets	21,925				5,143		27,068
Miscellaneous	73,382		6,253		14,751	22,138	116,524
Reimbursements	97,540						97,540
Total revenues	8,175,681	1,013,724	858,760	510,233	1,877,468	282,488	12,718,354
EXPENDITURES							
Current							
General Government	1,593,951						1,593,951
Administration of Justice	2,568,837						2,568,837
Street	837,799						837,799
Economic Development	455,440						455,440
Animal Control	178,943						178,943
Airport	196,537						196,537
Emergency Services					2,307,984		2,307,984
Park						474,849	474,849
Community Center			1,123,877				1,123,877
Towne Center				7,075			7,075

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016

	General Fund	Sales Tax Fund	Community Center Fund	Towne Center TIF Fund	Emergency Services Fund	Nonmajor Funds	Total Governmental Funds
EXPENDITURES (Continued)							
Debt service							
Principal	45,262		25,464	335,000		700,000	1,105,726
Interest	7,772		3,221	317,416		138,888	467,297
Capital outlay	751,157				177,340	22,447	950,944
Total expenditures	6,635,698		1,152,562	659,491	2,485,324	1,336,184	12,269,259
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	1,539,983	1,013,724	(293,802)	(149,258)	(607,856)	(1,053,696)	449,095
OTHER FINANCING SOURCES (USES)							
Transfers in			137,735	130,500	684,500	1,081,663	2,034,398
Transfers out	(1,058,400)	(975,998)					(2,034,398)
Total other financing sources (uses)	(1,058,400)	(975,998)	137,735	130,500	684,500	1,081,663	
NET CHANGE IN FUND BALANCES	481,583	37,726	(156,067)	(18,758)	76,644	27,967	449,095
FUND BALANCES, January 1, 2016	5,663,266	109,125	104,652	922,107	136,459	414,028	7,349,637
FUND BALANCES (DEFICIT), December 31, 2016	6,144,849	146,851	(51,415)	903,349	213,103	441,995	7,798,732

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		449,095
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. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital outlay	950,944	
Depreciation	(1,234,642)	(283,698)
Governmental funds report the proceeds from the disposal of assets as revenues. However, in the statement of activities, the revenues are reported less the amount of nondepreciated cost. This is the amount by which the cost exceeded any proceeds.		
Cost	(45,554)	
Accumulated depreciation	42,190	(3,364)
The issuance of long-term debt (e.g., bonds, loans, leases) 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 and related items:		
Bond principal payments	335,000	
Promissory note principal payments	25,464	
Certificates of participation principal payments	700,000	
Capital lease principal payments	45,262	
Amortization of premiums and discounts	(59,265)	1,046,461

CITY OF HARRISONVILLE, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		34,670
Governmental funds report payments required for pension costs as expenditures. However, in the statement of activities, these costs are adjusted for the actuarial balances of the net pension asset/liability and deferred outflows and inflows of resources. This is the amount by which the reported pension expense by the pension plan was less than the amounts paid into the plan.		
Plan payments made by the City	437,589	
Pension expense reported by pension plan	(880,063)	(442,474)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		800,690

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

	Electric Fund	Water/ Sewer Fund	Nonmajor Enterprise Funds	Elimina-tions	Total
ASSETS					
Current Assets					
Cash (claim on cash)	665,214	(190,161)	31,558		506,611
Investments	1,566,242	4,101,541			5,667,783
Accounts receivable	1,458,937	617,268	68,395		2,144,600
Due from other funds	102,980			(102,980)	
Inventories	536,242	181,117			717,359
Prepaid insurance	22,811	73,945	2,441		99,197
Total current assets	4,352,426	4,783,710	102,394	(102,980)	9,135,550
Noncurrent Assets					
Restricted cash	77,569	146,906	152,989		377,464
Restricted investments	624,000	1,422,832			2,046,832
Due from fiduciary fund	200,000				200,000
Net pension asset	33,278	62,370			95,648
Capital assets					
Land	99,716	1,488,315			1,588,031
Construction-in-progress	386,188	2,072,605			2,458,793
Other capital assets, net of accumulated depreciation	6,516,815	24,690,632	599,212		31,806,659
Total noncurrent assets	7,937,566	29,883,660	752,201		38,573,427
TOTAL ASSETS	12,289,992	34,667,370	854,595	(102,980)	47,708,977
DEFERRED OUTFLOWS OF RESOURCES					
Resources to be recognized in future pension expense	298,272	444,678			742,950
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	12,588,264	35,112,048	854,595	(102,980)	48,451,927

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

	Electric Fund	Water/ Sewer Fund	Nonmajor Enterprise Funds	Elimina-tions	Total
LIABILITIES					
Current Liabilities					
Due to other funds			102,980	(102,980)	
Accounts payable	696,311	92,195	2,109		790,615
Accrued expenses	25,231	31,390			56,621
Deferred revenue	91,911				91,911
Meter deposits	888,719				888,719
Current portion of long-term obligations	213,765	843,579			1,057,344
Total current liabilities	1,915,937	967,164	105,089	(102,980)	2,885,210
Noncurrent liabilities					
Noncurrent portion of long-term obligations	732,636	6,770,077			7,502,713
TOTAL LIABILITIES	2,648,573	7,737,241	105,089	(102,980)	10,387,923
DEFERRED INFLOWS OF RESOURCES					
Resources to be recognized in future pension expense	26,832	40,003			66,835
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,675,405	7,777,244	105,089	(102,980)	10,454,758
NET POSITION					
Net investment in capital assets	5,706,469	20,715,046	599,212		27,020,727
Restricted for:					
Debt service	701,569	1,569,738			2,271,307
Capital improvements			152,989		152,989
Unrestricted (deficit)	3,504,821	5,050,020	(2,695)		8,552,146
TOTAL NET POSITION	9,912,859	27,334,804	749,506		37,997,169

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
REVENUES				
Charges for services	11,328,726	4,864,960	652,432	16,846,118
EXPENSES				
Production		1,238,541		1,238,541
Distribution	8,176,252	666,993		8,843,245
Administration	2,719,205	961,176	679,933	4,360,314
Depreciation	305,175	933,705	87,660	1,326,540
Total expenses	11,200,632	3,800,415	767,593	15,768,640
INCOME (LOSS) FROM OPERATIONS	128,094	1,064,545	(115,161)	1,077,478
NONOPERATING INCOME (EXPENSE)				
Gain on sale of assets	1,886	8,973		10,859
Other income	7,661	41,960		49,621
Interest income	37,758	208,044	527	246,329
Interest expense	(49,321)	(278,962)		(328,283)
Total nonoperating income (expense)	(2,016)	(19,985)	527	(21,474)
CHANGE IN NET POSITION	126,078	1,044,560	(114,634)	1,056,004
TOTAL NET POSITION, beginning of year	9,786,781	26,290,244	864,140	36,941,165
TOTAL NET POSITION, end of year	9,912,859	27,334,804	749,506	37,997,169

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	11,259,249	4,822,901	649,419	16,731,569
Cash payments to suppliers	(10,204,800)	(2,220,445)	(606,601)	(13,031,846)
Cash payments to employees	(615,700)	(830,274)	(73,061)	(1,519,035)
Net cash provided by (used in) operating activities	438,749	1,772,182	(30,243)	2,180,688
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due to/from other funds	(28,025)		28,025	
Net cash provided by (used in) noncapital financing activities	(28,025)		28,025	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(197,588)	(1,259,898)	(1,197)	(1,458,683)
Other income	7,661	41,960		49,621
Proceeds from the sale of assets	1,886	8,973		10,859
Payments of long-term debt	(200,000)	(693,976)		(893,976)
Interest paid on bonds	(48,086)	(290,516)		(338,602)
Net cash used in capital and related financing activities	(436,127)	(2,193,457)	(1,197)	(2,630,781)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net investment activity	619,682	38,711	151,717	810,110
Interest on investments	37,758	208,044	527	246,329
Net cash provided by investing activities	657,440	246,755	152,244	1,056,439
NET INCREASE (DECREASE) IN CASH	632,037	(174,520)	148,829	606,346

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016

	Electric Fund	Water/Sewer Fund	Nonmajor Enterprise Funds	Total
CASH, January 1, 2016	110,746	131,265	35,718	277,729
CASH (CLAIM ON CASH), December 31, 2016	742,783	(43,255)	184,547	884,075
ALLOCATION OF CASH				
Unrestricted	665,214	(190,161)	31,558	506,611
Restricted	77,569	146,906	152,989	377,464
	742,783	(43,255)	184,547	884,075
Reconciliation of Income (Loss) From Operations to Net Cash Provided by (Used in) Operating Activities				
Income (loss) from operations	128,094	1,064,545	(115,161)	1,077,478
Adjustments to reconcile income (loss) to net cash provided by (used in) operating activities:				
Depreciation	305,175	933,705	87,660	1,326,540
(Increase) Decrease in assets:				
Accounts receivable	(116,276)	(42,059)	(3,013)	(161,348)
Inventories	(18,575)	6,267		(12,308)
Prepaid expenses	541	(35,259)	(114)	(34,832)
Net pension asset and related deferred outflows and inflows of resources	57,824	84,632		142,456
Increase (Decrease) in liabilities:				
Accounts payable	38,721	(245,018)	385	(205,912)
Accrued expenses	(535)	3,004		2,469
Compensated absences	(3,019)	2,365		(654)
Unearned revenue	(10,307)			(10,307)
Meter deposits payable	57,106			57,106
Total adjustments	310,655	707,637	84,918	1,103,210
Net cash provided by (used in) operating activities	438,749	1,772,182	(30,243)	2,180,688

The notes to the financial statements are an integral part of this statement.

CITY OF HARRISONVILLE, MISSOURI
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2016

	Hospital Interchange TDD	Highways 71/291 TDD	Total
ASSETS			
Cash (claim on cash) and cash equivalents	3,268	(172,074)	(168,806)
Taxes receivable		93,768	93,768
TOTAL ASSETS (DEFICIT)	3,268	(78,306)	(75,038)
LIABILITIES			
Deposits held for Hospital Interchange TDD	3,268		3,268
Due to City of Harrisonville		200,000	200,000
Accounts payable		27,682	27,682
TOTAL LIABILITIES	3,268	227,682	230,950
NET POSITION (DEFICIT)		(305,988)	(305,988)

The notes to the financial statements are an integral part of this statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Harrisonville, Missouri, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. REPORTING ENTITY

The City of Harrisonville, Missouri, is a fourth-class city in which citizens elect the Mayor at large and eight council members by wards. The accompanying financial statements present the City's primary government and any component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, and includes all component units of which the City appointed a voting majority of the units' board and the City is either able to impose its will on the unit or a financial benefit or burden exists.

The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City, including joint agreements, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the City exercises oversight responsibility, which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters, scope of public service, and special financing relationships. Component units are reported in the City's financial statements as follows:

Discretely Presented Component Unit

A discretely presented component unit is a separate legal entity that meets the component unit criteria. This criteria includes the ability to impose its will on or significantly influence the organization or if a financial benefit or burden relationship exists.

The Market Place TIF District Fund accounts for the revenues and expenses associated with the Market Place Redevelopment Project.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

Blended Component Units

In addition to the criteria noted above, a blended component unit's governing body is the same or substantially the same as the City's Board of Aldermen, or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation.

The Towne Center TIF Fund accounts for proceeds of the TIF notes issued to pay for the Towne Center Redevelopment Project along with the tax proceeds and uses generated by the District. The City has not adopted an annual budget for this fund.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City except the fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type, and

b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The government reports the following major governmental funds:

General Fund - This fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Sales Tax Fund - The Sales Tax Fund is used to accumulate revenues from a special sales tax for capital improvements.

Community Center Fund - This fund is responsible for the operations of the City's Community Center. The fund is financed by charges for services.

Towne Center TIF Fund - This fund accounts for the proceeds of the TIF notes issued to pay for the Towne Center Redevelopment Project along with the tax proceeds and uses generated by the District. The City has not adopted an annual budget for this fund.

Emergency Services Fund - This fund is responsible for the operations of the City's emergency services. The fund is financed by taxes and emergency service revenues.

The government reports the following major proprietary funds:

Electric Fund - The Electric Fund accounts for the billing and collection of charges for electric service for most city residents. Revenues are used to pay for both operations and capital outlay to maintain this service.

Water and Sewer Fund - The Water and Sewer Fund accounts for the billing and collection of charges for water and sanitary sewer services to the residents of the City and a limited number of customers outside of city limits. All activities necessary to provide such services are accounted for in this fund.

Additionally, the government reports the following nonmajor funds:

Governmental Funds

Park Fund - The Park Fund is primarily used for the maintenance of the City's parks. The fund is financed by property and license fees.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of, the principal and interest for the 2012 Certificates of Participation which were issued for the use in the advance refunding of the 2003 Certificates of Participation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Proprietary Funds

Aquatic Center Fund - The Aquatic Center Fund is used to account for the operations of the Aquatic Center.

Refuse Fund - The Refuse Fund is used to account for the provision of refuse collection to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Fiduciary Funds

This fund accounts for the City's fiduciary responsibility to track receipts and disbursements associated with the Highway 71/291 Partners in Progress TDD and the Hospital Interchange TDD.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The government-wide financial statements are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using 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 with 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 period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property tax, sales taxes, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (Continued)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. BUDGETS

Budgets for the City are prepared and adopted on the cash basis of accounting for all governmental and proprietary funds. The City Administrator may make transfers of appropriations within a department. Transfers of appropriations between funds require the approval of the governing council. The Board of Aldermen approved amendments to the budget during the year. The actual results of operations are presented in comparison to the budgets on the combined statement of revenues, expenditures, and changes in fund balances - budget and actual - all governmental fund types. All governmental funds have a legally adopted annual budget. Appropriations lapse at year-end but may be reappropriated in the following year.

E. CASH AND INVESTMENTS

For the purpose of the statement of cash flows, the City considers all highly liquid investments (including restricted assets except for those held by trustees) with a maturity of three months or less when purchased to be cash equivalents, along with demand deposits and certificates of deposit. As of December 31, 2016, the City had no cash equivalents.

The City's investment policies are structured to conform to Missouri Statute 30.270. The City is authorized to invest in U.S. Treasury obligations, U.S. government agency securities and instruments of government-sponsored corporations, certificates of deposit at commercial banks and S & L associations, and repurchase agreements. Investments are reported at fair value.

F. RESTRICTED CASH AND INVESTMENTS

Certain cash and investment accounts are restricted for construction projects, debt service, and compliance with bond covenants. Assets are also restricted in the proprietary funds for refunding customer meter deposits.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. INTERFUND TRANSACTIONS

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources, to provide services and construct assets. Legally authorized transfers are treated as operating transfers and are included in the results of operations for both governmental and proprietary funds.

H. PREPAIDS AND INVENTORIES

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

Inventories, consisting of materials and supplies, are valued at lower of cost or market. Cost is determined using first-in, first-out (FIFO) basis.

I. CAPITAL ASSETS

Prior to GASB Statement No. 34, capital assets for governmental funds were recorded in the General Fixed Asset Account Group and were not depreciated. The new model requires that all capital assets, whether owned by governmental activities or business-type activities, be recorded and depreciated in the government-wide financial statements.

Capital assets, including infrastructure, are defined as assets with an initial cost of $5,000 or more and an estimated useful life of more than one year. Capital assets are stated at cost or at estimated fair value at time of donation.

Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed when incurred. When capital assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

General infrastructure assets acquired prior to January 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure assets acquired subsequent to January 1, 2003.

Depreciation of buildings, equipment, and vehicles is computed using the straight-line method over the following estimated useful lives:

Buildings and processing facilities	15 - 50 years
Machinery and equipment	5 - 25 years
Street infrastructure	7 - 50 years
Transmission lines and mains	30 - 50 years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. COMPENSATED ABSENCES

Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements and are included as a part of long-term liabilities. 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. The amount of accrued vacation benefits included in the government-wide financial statements, related to governmental activities, for the year ended December 31, 2016, is $260,171. Business-type activity funds reported accrued vacation benefits for the year ended December 31, 2016, of $113,486.

K. LONG-TERM OBLIGATIONS AND BOND DISCOUNTS/PREMIUMS

In the government-wide and proprietary fund financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period.

L. NET POSITION

Government-Wide Statements

Net position is displayed in three components:

Net investment in capital assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of net position with constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provision or enabling legislation.

Unrestricted net position does not meet the definition of restricted.

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. NET POSITION (Continued)

Fund Statements (Continued)

The classifications used in the governmental fund financial statements are as follows:

Nonspendable

This classification includes amounts that cannot be spent because they either (a) are not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted

This classification includes amounts for which constraints have been placed on the use of the resources either by external groups such as creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.

Committed

This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City currently has no amounts classified in this category.

Assigned

This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board delegating this responsibility to the City Administrator through the budgetary process.

Unassigned

This classification includes the residual fund balance for the General Fund and any deficit balance in any other fund.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the Unites States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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. The more significant estimates in the financial statements are allowance for bad debts, depreciation, and accrued liabilities.

N. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The City reports increases and decreases in net assets that relate to future periods as deferred outflows and inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The City has several calculations related to its pension plan that qualify for reporting in these categories in addition to the amounts included in the current year's financial statements that are the result of prior year refunded debt for the original issues' discounts and/or premiums which are being amortized over the remaining life of the original debt as a part of interest expense.

O. REVENUES

Billings for utility services are rendered on a monthly basis. Unbilled revenues from the last billing date to the end of the period are accrued in the period of usage and included in accounts receivable.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

P. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES (Continued)

Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - Repayments from funds responsible for certain expenditures/expense to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Interfund balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.

2. Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities. The effects of interfund services between funds, if any, are not eliminated in the statement of activities.

NOTE 2. CASH AND INVESTMENTS

Cash

Custodial credit risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

As of December 31, 2016, all of the City's deposits with financial institutions were fully insured or collateralized.

NOTE 2. CASH AND INVESTMENTS (Continued)

Investments

The City's investments at December 31, 2016, are summarized below:

Investment	Unrestricted	Restricted
Investments held by trustee (Bond Reserves)		
Money market funds		496,942
Certificates of deposit	8,346,645	871,000
Federal Farm Credit Bank (AAA)	614,317	500,000
Federal Home Loan Bank (AAA)	518,703	
Federal Home Loan Mortgage Corporation (AAA)	620,919	178,890
Freddie Mac	299,568	
Federal National Mortgage Association (AAA)	252,079	
	10,652,231	2,046,832
Maturities		
Less than six months	1,828,724	496,942
Six months to one year	1,073,477	675,890
Over one year	7,750,030	874,000
	10,652,231	2,046,832

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities of less than two years without prior approval of the Board of Aldermen.

Credit Risk

The City's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk

The City will diversify use of investment instruments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions, or maturities.

NOTE 2. CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk (Continued)

Investments will be limited to the instruments listed below, unless approved by the Board of Aldermen.

Investment Instrument	Maximum Percent of Portfolio
U.S. Treasury Obligations	100%
U.S. Government Agency Securities	
Instruments of Government-Sponsored Corporations	100%
Certificates of Deposit	
Commercial Banks	50%
Savings and Loan Associations	50%

NOTE 3. GRANTS/ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

	Grants/ Accounts	Taxes	Allowance for Doubtful Accounts	Receivables, Net
Governmental Activities				
General	72,338	554,922		627,260
Emergency Services	3,419,724	47,808	(2,810,000)	657,532
Community Center	94,410		(47,073)	47,337
Park		46,910		46,910
Towne Center TIF		176,850		176,850
Sales tax		95,616		95,616
Total governmental activities	3,586,472	922,106	(2,857,073)	1,651,505
Business-Type Activities				
Electric	1,750,471		(291,534)	1,458,937
Water/Sewer	774,526		(157,258)	617,268
Refuse	92,791		(24,396)	68,395
Total business-type activities	2,617,788		(473,188)	2,144,600

NOTE 4. PROPERTY TAXES

The assessed valuation of the tangible property for the purpose of local taxation as of May 31, 2016, was as follows:

Real estate	96,807,843
Personal property	23,807,868
	120,615,711

The tax levy per $100 of assessed valuation of tangible property for the calendar year 2016 was as follows:

General operating	0.5672
Park	0.1283
	0.6955

Property taxes may attach as an enforceable lien on property as of January 1. Taxes are levied no later than November 1 and are due and payable at that time. All unpaid taxes levied by November 1 become delinquent January 1 of the following year.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance January 1, 2016	Additions and Transfers	Retirements and Transfers	Balance December 31, 2016
Governmental Activities				
Capital assets, not being depreciated				
Land	890,750			890,750
Construction-in-progress	486,025	344,614	(17,598)	813,041
Total capital assets, not being depreciated	1,376,775	344,614	(17,598)	1,703,791
Capital assets, being depreciated				
Buildings and improvements	23,815,104	23,030		23,838,134
Streets	6,638,115	321,808		6,959,923
Machinery and equipment	6,814,922	279,090	(45,554)	7,048,458
Total capital assets, being depreciated	37,268,141	623,928	(45,554)	37,846,515

NOTE 5. CAPITAL ASSETS (Continued)

	Balance January 1, 2016	Additions and Transfers	Retirements and Transfers	Balance December 31, 2016
Governmental Activities (Continued)				
Less accumulated depreciation for:				
Buildings and improvements	(7,997,798)	(677,955)		(8,675,753)
Streets	(1,927,088)	(241,729)		(2,168,817)
Machinery and equipment	(5,536,647)	(314,958)	42,190	(5,809,415)
Total accumulated depreciation	(15,461,533)	(1,234,642)	42,190	(16,653,985)
Total capital assets being depreciated, net	21,806,608	(610,714)	(3,364)	21,192,530
Governmental activities capital assets, net	23,183,383	(266,100)	(20,962)	22,896,321
Business-Type Activities - Electric Fund				
Capital assets, not being depreciated				
Land	99,716			99,716
Construction-in-progress	993,174	11,896	(618,882)	386,188
Total capital assets, not being depreciated	1,092,890	11,896	(618,882)	485,904
Capital assets, being depreciated				
Buildings and improvements	4,436,930			4,436,930
Equipment and transmission lines	9,046,206	804,573		9,850,779
Total capital assets, being depreciated	13,483,136	804,573		14,287,709
Less accumulated depreciation for:				
Buildings and improvements	(2,240,407)	(91,387)		(2,331,794)
Equipment and transmission lines	(5,225,313)	(213,788)		(5,439,101)
Total accumulated depreciation	(7,465,720)	(305,175)		(7,770,895)
Total capital assets being depreciated, net	6,017,416	499,398		6,516,814
Business-type activities - Electric Fund capital assets, net	7,110,306	511,294	(618,882)	7,002,718

NOTE 5. CAPITAL ASSETS (Continued)

	Balance January 1, 2016	Additions and Transfers	Retirements and Transfers	Balance December 31, 2016
Business-Type Activities - Water/ Sewer Fund				
Capital assets, not being depreciated				
Land	1,488,315			1,488,315
Construction-in-progress	2,468,467	292,576	(688,440)	2,072,603
Total capital assets, not being depreciated	3,956,782	292,576	(688,440)	3,560,918
Capital assets, being depreciated				
Buildings and improvements	11,667,319			11,667,319
Equipment and transmission lines	28,734,068	1,655,767		30,389,835
Total capital assets, being depreciated	40,401,387	1,655,767		42,057,154
Less accumulated depreciation for:				
Buildings and improvements	(8,034,328)	(267,110)		(8,301,438)
Equipment and transmission lines	(8,398,482)	(666,595)		(9,065,077)
Total accumulated depreciation	(16,432,810)	(933,705)		(17,366,515)
Total capital assets being depreciated, net	23,968,577	722,062		24,690,639
Business-type activities - Water/Sewer Fund capital assets, net	27,925,359	1,014,638	(688,440)	28,251,557
Business-Type Activities - Aquatic Fund				
Capital assets, being depreciated				
Buildings and improvements	2,007,794			2,007,794
Equipment	60,549	1,197		61,746
Total capital assets, being depreciated	2,068,343	1,197		2,069,540
Less accumulated depreciation for:				
Buildings and improvements	(1,354,197)	(83,981)		(1,438,178)
Equipment	(28,471)	(3,679)		(32,150)
Total accumulated depreciation	(1,382,668)	(87,660)		(1,470,328)
Business-type activities - Aquatic Center capital assets, net	685,675	(86,463)		599,212

NOTE 5. CAPITAL ASSETS (Continued)

The following table summarizes the depreciation by function for the year ended December 31, 2016:

	Governmental Activities	Business-Type Activities
General Government	85,717	
Administration of Justice	108,892	
Street	290,342	
Economic Development	14,170	
Animal Control	3,936	
Airport	136,928	
Emergency Services	152,400	
Park	107,928	
Community Center	334,329	
Electric		305,175
Water and Sewer		933,705
Aquatic Center		87,660
	1,234,642	1,326,540

NOTE 6. LONG-TERM DEBT

Governmental Activities

Changes in the debt for the year ended December 31, 2016, consisted of the following:

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Due in One Year
Capital lease obligations	144,006		(45,262)	98,744	47,949
Tax Increment Revenue Bonds	6,920,000		(335,000)	6,585,000	340,000
Tax Increment Revenue Note	9,000,000			9,000,000	
Promissory Notes	152,066		(25,464)	126,602	26,171
Refinanced Certificates of Participation (COP)	5,350,000		(700,000)	4,650,000	720,000
Compensated absences	294,841	260,171	(294,841)	260,171	294,841
COP premium	51,427		(8,570)	42,857	8,570
Less: note discount	(113,814)		9,485	(104,329)	(9,485)
Total governmental debt	21,798,526	260,171	(1,399,652)	20,659,045	1,428,046

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Compensated Absences

Compensated absences are payable upon an employee's separation from employment, which could occur at any time, and the absences are, therefore, considered payable within one year and are liquidated by the governmental fund responsible for generating the liability. The liability is allocated to each fund as follows:

General	175,313
Park	25,768
Community Center	20,339
EMS	38,751
	260,171

Capital Lease Obligations

The City has entered into a capital lease agreement for the purchase of airport hangars. The lease agreement qualifies as a capital lease for financial reporting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The cumulative amount of assets acquired under the capital lease described above amounted to $596,729 as of December 31, 2016.

Future minimum lease payments under capital leases, together with the present value of net minimum lease payments, consist of the following:

Year Ending December 31,	
2017	53,034
2018	53,034
Total minimum lease payments	106,068
Less amount representing interest	7,324
Present value of future minimum lease payments	98,744

Tax Increment Revenue Bonds

On June 1, 2007, the City issued $8,630,000 in Tax Increment Revenue Bonds for the purpose of providing funds to refinance the 2005 Tax Increment Financing Temporary Notes, pay accrued interest on the Temporary Notes, fund a deposit to the debt service reserve for the bonds, and pay costs related to the issuance of the bonds. The City anticipates that it will pledge the incremental payments in lieu of taxes and, subject to

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Tax Increment Revenue Bonds (Continued)

annual appropriation, Economic Activity Taxes generated by the private development within the Towne Center TIF District. The Bonds do not constitute a general obligation of the City of Harrisonville, Missouri. Interest is paid semiannually on May 1 and November 1. Principal is due each year on November 1 through the maturity date of November 1, 2028. The interest rate on this issue ranges from 4.25% to 5.0%.

Aggregate annual principal and interest payments applicable to the TIF Bonds are:

Years Ending December 31,	Principal	Interest
2017	340,000	301,063
2018	365,000	286,188
2019	390,000	269,763
2020	425,000	252,213
2021	450,000	252,213
2022-2026	2,685,000	944,965
2027-2028	1,930,000	266,170
	6,585,000	2,572,575

Tax Increment Revenue Notes

On December 18, 2009, the City issued $9,000,000 in Tax Increment Revenue Notes for the purpose of providing funds to pay for certain reimbursable costs associated with the Cooperation, Financing, and Pledge Agreement (CFP Agreement) dated December 18, 2009, between the City; Harrisonville MP, LLC; The Harrisonville Market Place Transportation Development District A (TDD A); and The Harrisonville Market Place Transportation Development District B (TDD B).

The City has pledged the incremental payments in lieu of taxes and Economic Activity Taxes generated by the private development within the Market Place TIF District. Additional revenues generated by the TDD A and TDD B districts are also pledged to the repayment of the Note. The Note does not constitute a general obligation of the City.

From the date of this Note, the applicable interest rate on the unpaid principal balance of this Note was 6% per annum. During 2011, the interest rate on this Note was adjusted to 4.75% and as of April 1, 2014, it again changed to 6.5% with payments due annually. The restructured Note does not call for regular principal payments, and no

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Tax Increment Revenue Notes (Continued)

balloon payment is disclosed on the Note. The City is required to submit collections of revenues for the district to a separate account, which is used to pay the required annual payment.

Annual interest payments applicable to the full balance of the TIF notes are $585,000. The principal due for the year ended December 31, 2016, or thereafter is $9,000,000.

Certificates of Participation

On May 1, 2012, Refunding Certificates of Participation were issued to advance refund the 2003 issued Certificates of Participation disclosed above in the amount of $7,830,000 at rates ranging from 2.000% to 2.750%. These Refunding Certificates of Participation mature on December 1, 2022, with semiannual interest payments.

Aggregate annual principal and interest payments are as follows:

Year Ending December 31,	Principal	Interest
2017	720,000	117,263
2018	745,000	95,662
2019	760,000	79,831
2020	785,000	62,731
2021	810,000	44,088
2022	830,000	22,825
	4,650,000	422,400

Promissory Note Payable

In 2011, the City entered into a promissory note payable with the Missouri Department of Natural Resources for the purpose of constructing and installing energy savings equipment. In December 2011, the City received $171,931 to assist with upcoming costs for these expenses in the Community Center. The note bears interest at 2% and requires semiannual payments of principal and interest until maturity on April 1, 2023.

On February 20, 2015, the City entered into a promissory note payable with Community Bank of Raymore for the purchase of items for the community center. The note bears interest at 4% and requires monthly payments principal and interest until maturity on February 20, 2018.

NOTE 6. LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Promissory Note Payable (Continued)

Aggregate annual principal and interest payments are as follows:

Years Ending December 31,	Principal	Interest
2017	26,171	2,514
2018	19,501	1,891
2019	17,399	1,358
2020	17,749	1,005
2021	9,008	645
2022-2026	36,774	277
	126,602	7,690

Business-Type Activities

Changes in the debt for the year ended December 31, 2016, consisted of the following:

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Due in One Year
2002 Waterworks and Sewerage Revenue Bonds	1,995,000		(225,000)	1,770,000	235,000
2003 Waterworks and Sewerage Revenue Bonds	1,845,000		(165,000)	1,680,000	175,000
2005 Waterworks and Sewerage Revenue Bonds	950,000		(85,000)	865,000	85,000
2007 Electric System Refunding Revenue Bonds	1,115,000		(200,000)	915,000	215,000
2010 Waterworks and Sewerage Revenue Bonds	3,140,400		(188,700)	2,951,700	192,500
Promissory Note	220,526		(30,276)	190,250	31,039
Compensated absences	114,140	113,486	(114,140)	113,486	113,486
	9,380,066	113,486	(1,008,116)	8,485,436	1,047,025
Add: Bond premium	91,110		(11,554)	79,556	11,554
Less: Bond discount	(6,173)		1,235	(4,938)	(1,235)
Total business-type activities	9,465,003	113,486	(1,018,435)	8,560,054	1,057,344

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Compensated Absences

Compensated absences are payable upon an employee's separation from employment, which could occur at any time, and the absences are, therefore, considered payable within one year and are liquidated by the governmental fund responsible for generating the liability. The liability is allocated to each fund as follows:

Electric	36,338
Water/Sewer	77,148
	113,486

Revenue Bonds

On October 23, 2002, the City issued $4,370,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program). Of the bonds, $3,660,000 was issued for the purpose of extending and improving the City's combined waterworks and sewerage system and $710,000 was issued to refund a prior issue of bonds of the City.

The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on January 1 and July 1. Principal is due each year on July 1 through the maturity date of July 1, 2023. The interest rate on this issue ranges from 2.05% to 5.0%.

On April 1, 2003, the City issued $3,295,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund) for the purpose of financing certain improvements to the City's sewer system. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on January 1 and July 1. Principal is due each year on January 1 through the maturity date of January 1, 2024. The interest rate on this issue ranges from 2.0% to 5.25%.

On May 19, 2005, the City issued $1,710,000 in Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund) for the purpose of financing certain improvements to the City's sewer system. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on January 1 and July 1. Principal is due each year on July 1 through the maturity date of July 1, 2025. The interest rate on this issue ranges from 3.0% to 5.0%.

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Revenue Bonds (Continued)

On September 1, 2007, the City issued $2,730,000 in Electric System Refunding Revenue Bonds for the purpose of providing funds to refund outstanding Series 1999 Electric System Revenue Bonds. The bonds are to be paid by the net revenues of the system and are secured by a first lien on the revenues. Interest is paid semiannually on May 1 and November 1. Principal is due each year on November 1 through the maturity date of November 1, 2020. The interest rate on this issue ranges from 4.0% to 4.5%.

In March 2010, the City issued the Combined Waterworks and Sewerage System Revenue Bonds that can be drawn on for a maximum principal amount of $4,300,000. Semiannual interest payments are due each January 1 and July 1, commencing July 1, 2010. Interest is determined by 30% of the Revenue Bond Index as published in The Bond Buyer. Principal payments are due each January 1 and July 1, commencing July 1, 2011, and maturing on July 1, 2030. As of December 31, 2016, the City has drawn down $3,288,541 on this bond.

Aggregate annual principal and interest payments applicable to the revenue bonds are:

Years Ending December 31,	Principal	Interest
2017	902,500	298,430
2018	936,300	259,904
2019	955,200	221,065
2020	1,009,400	178,277
2021	778,500	135,705
2022-2026	2,756,700	251,852
2027-2030	843,100	25,376
	8,181,700	1,370,609

As of December 31, 2016, the sinking funds and the reserve funds were adequately funded and the City was in compliance with its rate covenants for all bonds.

Promissory Note Payable

In 2011, the City entered into a promissory note payable with the Missouri Department of Natural Resources for the purpose of constructing and installing energy savings equipment. In December 2011, the City received $380,000 to assist with upcoming costs for these expenses in the Water/Sewer facilities. The note bears interest at 2% and requires semiannual payments of principal and interest until maturity on April 1, 2023.

NOTE 6. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Promissory Note Payable (Continued)

Aggregate annual principal and interest payments applicable to the promissory note are:

Years Ending December 31,	Principal	Interest
2017	31,039	4,563
2018	31,820	3,782
2019	32,620	2,982
2020	33,440	2,162
2021	17,034	1,321
2022-2026	44,297	458
	190,250	15,268

NOTE 7. INTERFUND TRANSACTIONS

Transfers during the year ended December 31, 2016, were as follows:

	Transfers Out:			
	General	Sales Tax	Electric	Total
Transfers in:				
Community Center		137,735		137,735
Town Center TIF	130,500			130,500
Emergency Services	684,500			684,500
Fiduciary fund			200,000	200,000
Nonmajor governmental funds	243,400	838,263		1,081,663
Total	1,058,400	975,998	200,000	2,234,398

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8. INTERFUND BALANCES

	Due to: Electric
Due from:	
Fiduciary fund	200,000
Nonmajor proprietary funds	102,980
Total	302,980

The balance of amounts due to the Electric Fund are the result of an advance to the fiduciary fund in excess of the amount considered as a transfer.

NOTE 9. PENSION PLAN

Plan Description

The City of Harrisonville, Missouri, contributes to the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multi-employer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the state of Missouri. LAGERS was established in 1967 and is administered in accordance with RSMo. 70.600-70.755. LAGERS serves approximately 668 local participating employers. These participating employers include 299 cities, 60 counties, and 323 other public entities during the plan year ended June 30, 2016.

Responsibility for the operation and administration of the plan is vested in the LAGERS Board of Trustees consisting of seven persons. Three trustees are elected by the employees who participate in the system, three trustees are elected by the members of the governing bodies of those political subdivisions which participate in the system and one trustee is appointed by the governor. The regular term of office for members of the LAGERS Board of Trustees is four years. Members of the LAGERS Board of Trustees serve without compensation with respect to their duties, but are reimbursed by LAGERS for their actual and necessary expenses incurred in the performance of their duties.

For the City's year ending December 31, 2016, the net pension asset is based on an actuarial valuation performed as of February 29, 2016, and a measurement date of June 30, 2016.

Benefits Provided

LAGERS provides retirement, death, and disability benefits to employees of participating political subdivisions. All benefits vests after 5 years of service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program then in effect for their political subdivision. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced

NOTE 9. PENSION PLAN (Continued)

Benefits Provided (Continued)

allowance. The LAGERS Board of Trustees establishes the benefit plans and provisions that are available for adoption. The political subdivision's governing body adopts all benefits of the plan. Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Contributions

Each participating unit of government is obligated by state law to make all required contributions to the plan. The required contributions are actuarially determined using the individual entry-age actuarial cost method. There are no long-term contracts for contributions to the plan. All actuarial liabilities are amortized over a period of 30 years or less.

Administrative costs of LAGERS are financed through investment earnings of the system. Employee contributions are determined at the election of the governing body of the local government. Should the governing body elect to participate in the contributory plan, all employees must contribute four percent of gross salary. The governing body may elect to participate in the non-contributory plan which would result in no employee contributions.

Actuarial Assumptions

The pension liability for the June 30, 2016, measurement date was determined using the following actuarial assumptions applied to the measurement:

Actuarial Cost Method	Entry Age Normal and Modified Terminal Funding
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Multiple bases from 13 to 21 years
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.5% price inflation
Salary Increases	3.25% to 6.55% (7.15% for fire) including wage inflation
Investment Rate of Return	7.25%, net of investment expenses
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition

NOTE 9. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

Mortality	The health retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.
Other information	New assumptions adopted based on the 5-year experience study for the period March 1, 2010 through February 28, 2015.

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits). The municipal bond rate is 3.80% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The resulting single discount rate is 7.25% for the General, Police, and Fire Divisions.

This rate considers the ability of the plan to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses, and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the preceding paragraph.

NOTE 9. PENSION PLAN (Continued)

Discount Rate (Continued)

LAGERS has provided tables to the City that provide background for the development of the single discount rate. These tables are described as follows:

The Projection of Contributions table shows the development of expected contributions in future years. Normal Cost contributions for future hires are not included (nor are their liabilities).

The Projection of Plan Fiduciary Net Position table shows the development of expected asset levels in future years.

The Present Values of Projected Benefit Payments table shows the development of the Single Discount Rate (SDR). It breaks down the benefit payments into present values for funded and unfunded portions and shows the equivalent total at the SDR.

Pension Liability Sensitivity

The following table presents the net pension asset (liability) for the City's proportionate share of the net pension asset (liability) as of June 30, 2016, calculated using the discount rate of 7.25%, as well as what the pension plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1.00% Decrease (6.25%)	Current Rate (7.25%)	1.00% Increase (8.25%)
General Division	(663,353)	1,615,389	3,527,099
Police Division	(306,930)	356,957	909,087
Fire Division	197,894	504,448	749,965
Total	(772,389)	2,476,794	5,186,151

Pension Plan Fiduciary Net Position

Additional financial and actuarial information supporting the preparation of the schedule of changes in fiduciary net position is included in the System's Comprehensive Annual Financial Report for the year ended June 30, 2015. The Comprehensive Annual Financial Report can be obtained at www.molagers.org or from Missouri Local Area Government Employee Retirement System (LAGERS), PO Box 1665, Jefferson City, MO 65102.

NOTE 10. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property of the participants. Investments are managed by the plan's trustee under several investment options. The choice of the investment options is made by the participants.

NOTE 11. MAJOR SUPPLIERS

During the year ended December 31, 2016, the City relied upon one vendor for the generation and transmission of all electricity purchased for resale totaling $8,176,252.

NOTE 12. RISK MANAGEMENT

In its normal course of business, the City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year and no significant losses in the past three years.

NOTE 13. SELF-INSURANCE

The City is a member of the MPR (Midwest Public Risk), a not-for-profit corporation consisting of governmental entities incorporated in 1984 to acquire insurance for its members. MPR operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection, or the governing body. MPR provides both conventional and self-insurance coverage for its members including medical, dental, property, casualty, general liability, and workers' compensation. The City participates in the workers' compensation insurance coverages.

MPR manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MPR's investment pool consists of interest-bearing deposits, U.S. Treasury, and U.S. governmental agency obligations.

In the event that a deficit occurs with respect to any fiscal year of MPR for which the City was a participant at any time during such year, and in the event that MPR determines that an assessment is required in order to provide additional funds for the obligations of MPR for such year, and further, in the event that the City was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the City is obligated to pay its pro rata share of any such assessment, irrespective of whether or not the City is a member of MPR at the time of such assessment.

MPR's financial statements are presented in its Comprehensive Annual Financial Report.

NOTE 14. PROMISSORY NOTE RECEIVABLE

On March 18, 2011, the City received a promissory note from Harrisonville Housing Associates, L.P. Clarkton, Missouri, in the amount of $750,490 with zero percent interest. The note calls for repayment of principal annually in an amount equal to 50% of cash flow allowed by the Missouri Housing Development Commission and the United States Department of Agriculture, Rural Housing Service (Rural Development) "the agency." Such payment is due thirty days after the date that the audit of the Harrisonville Housing Associates, L.P., is approved by the agency. In any event, all remaining indebtedness is due and payable on March 18, 2062. The note is secured by a Deed of Trust.

Since the timing of the repayment cannot be readily determined, the balance of the note receivable is offset with a contra-asset account of the same amount. The first repayment of $4,147 was received in 2016 and the remaining balance on the note at December 31, 2016, was $746,343.

Funding for the loan was made available with a CDBG grant which is available for re-use from collections of principal for other eligible CDBG activity.

NOTE 15. TAX ABATEMENTS

The City has two programs through which tax abatements are provided:

Harrisonville Towne Center Tax Increment Financing Plan (TIF)

On December 22, 2005, the City of Harrisonville, Missouri, and D.J. Christie, Inc., the developer, implemented the Redevelopment Agreement (Plan). The Plan is authorized by Missouri Revised Statutes and the City's Economic Development Act and provides for the construction of one redevelopment project in Harrisonville, Missouri, which anticipates the construction of approximately 157,900 gross square feet of improvements to be used for the operation of businesses conducting retail sales, in the portion of the Redevelopment Area, together with the installation, repair, construction, reconstruction, and relocation of certain streets and utilities. The Plan relies on the abatement of fifty percent (50%) of the total additional revenue from taxes that are imposed by the City or other Taxing Districts, which are generated by the economic activities within the Redevelopment Area, while tax increment financing remains in effect, excluding licenses, fees, or special assessments, other than payments in lieu of taxes, until the designation is terminated (Economic Activity Taxes). In addition, the Plan relies on revenues from real property in the Redevelopment Area, which revenues are to be used to retire TIF obligations and pay other reimbursable project costs, which Taxing Districts would have received had the City not adopted tax increment allocation financing, and which would result from levies made after the time of the adoption of the tax increment allocation financing during the time the current equalized value of real property in the Redevelopment Area exceeds the Total Initial Equalized Value of real property in such area until the designation is terminated, which shall not be later than 23 years after the project to be development is approved by an Ordinance of the Board of Aldermen (Payment in Lieu of Taxes).

NOTE 15. TAX ABATEMENTS (Continued)

Harrisonville Towne Center Tax Increment Financing Plan (TIF) (Continued)

On June 1, 2007, the City issued $8,630,000 in Tax Increment Revenue Bonds for the purpose of providing funds to refinance the 2005 Tax Increment financing Temporary Notes, pay accrued interest on the Temporary Notes, fund a deposit to the debt service reserve for bonds, and pay costs related to the issuance of the bonds. The City anticipates that it will pledge the incremental payments in lieu of taxes and, subject to annual appropriation, Economic Activity Taxes generated by the private development within the Towne Center TIF District. The bonds do not constitute a general obligation of the City of Harrisonville, Missouri. Interest is paid semiannually on May 1 and November 1. Principal is due each year on November 1 through the maturity date of November 1, 2028. The interest rate on this issue ranges from 4.25% to 5.00%.

Aggregate annual principal and interest payments applicable to the TIF Bonds are further disclosed in Note 6.

Harrisonville Market Place Tax Increment Financing Plan (TIF)

On April 16, 2007, the City of Harrisonville, Missouri, and Simmons Investments, Inc., the developer, implemented the Redevelopment Agreement (Plan). The Plan is authorized by Missouri Revised Statutes and the City's Economic Development Act and provides for the construction of one redevelopment project in Harrisonville, Missouri, which anticipates the construction of approximately 243,895 gross square feet of improvements, the majority of which, to be used for the operation of businesses conducting retail sales, in the portion of the Redevelopment Area designated as "Redevelopment Project Area", together with the installation, repair, construction, reconstruction, and relocation of certain streets and utilities. The Plan relies on the abatement of fifty percent (50%) of the total additional revenue from taxes that are imposed by the City or other Taxing Districts, which are generated by the economic activities within the Redevelopment Area, while tax increment financing remains in effect, excluding licenses, fees, or special assessments, other than payments in lieu of taxes, until the designation is terminated (Economic Activity Taxes). In addition, the Plan relies on revenues from real property in the Redevelopment Area, which revenues are to be used to retire TIF obligations and pay other reimbursable project costs, which Taxing Districts would have received had the City not adopted tax increment allocation financing, and which would result from levies made after the time of the adoption of the tax increment allocation financing during the time the current equalized value of real property in the Redevelopment Area exceeds the Total Initial Equalized Value of real property in such area until the designation is terminated, which shall not be later than 23 years after the project to be development is approved by an Ordinance of the Board of Aldermen (Payment in Lieu of Taxes).

NOTE 15. TAX ABATEMENTS (Continued)

Harrisonville Market Place Tax Increment Financing Plan (TIF) (Continued)

By Ordinance No. 3073, adopted by the Board of Aldermen on February 2, 2009, the City approved the amendment to the Redevelopment Plan and authorized the City to enter into the First Amended and Restated Redevelopment Agreement with Harrisonville MP, LLC, for the implementation of the Redevelopment Project.

On December 18, 2009, the City issued $9,000,000 in Tax Increment Revenue Notes for the purpose of providing funds to pay for certain reimbursable costs associated with the Cooperation, Financing, and Pledge Agreement (CFP Agreement) dated December 18, 2009, between the City; Harrisonville MP, LLC; The Harrisonville Market Place Transportation Development District A (TDD A); and the Harrisonville Market Place Transportation Development District B (TDD B).

The City has pledged the incremental payments in lieu of taxes and Economic Activity Taxes generated by the private development within the Market Place TIF District. Additional revenues generated by the TDD A and TDD B districts are also pledged to the repayment of the Note. The Note does not constitute a general obligation of the City.

From the date of the Note, the applicable interest rate on the unpaid principal balance of this Note was 6% per annum. During 2011, the interest rate on this Note was adjusted to 4.75% and as of April 1, 2014, it again changed to 6.5% with payments due annually. The restructured Note does not call for regular principal payments, and no balloon payment is disclosed on the Note. The City is required to submit collections of revenues for the district to a separate account, which is used to pay the required annual payment.

Aggregate annual principal and interest payments applicable to the TIF Bonds are further disclosed in Note 6.

For the ended December 31, 2016, the City abated taxes as follows:

Tax Abatement Program	Amount Abated
Towne Center TIF	
Economic activity taxes	366,031
Payment in lieu of taxes	144,052
Market Place TIF	
Economic activity taxes	442,480
Payment in lieu of taxes	178,749

NOTE 16. COMPLIANCE WITH MISSOURI STATUTES

Missouri House Bill No. 103 amending RSMo Section 3.02.341.2 became effective on August 28, 2013. The amendments to the statute now require municipalities to report an accounting of the percent of "annual general operating revenue" from fines and costs for traffic violations as follows:

Fines and costs for traffic violations	126,550
Annual general operating revenue	7,690,370
Fines and costs for traffic violations as a percentage of annual general operating revenue	1.6%

NOTE 17. COMMITMENTS

On March 15, 2015, the City entered into an agreement with The Highways 71/291 Partners in Progress Transportation Development District (a fiduciary fund), to coordinate efforts for the design, construction, and operation of District projects. The agreement established a funding plan in which the City will provide funding to the District in the amount of $1,500,000 through the anticipated year of 2017.

On October 3, 2016, the City approved a contract for improvements to the water treatment plant for approximately $8,200,000. A majority of the funding for these improvements will come from federal grants and loans.

NOTE 18. LITIGATION AND CONTINGENCIES

As of April 27, 2017, the City had unsettled claims which are at various stages, and at this time, outcomes cannot be predicted. The City is vigorously defending each unsettled claim.

In addition, the Missouri State Auditor's office is conducting certain procedures related to the City regarding internal controls and compliance with applicable laws and regulations of the City. As of April 27, 2017, a final report has not been made available from either agency. There is no clear estimate for the costs involved to the City as a result of the procedures conducted.

NOTE 19. SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through April 27, 2017, the date the financial statements were available to be issued.

(This page has been left blank intentionally)

REQUIRED SUPPLEMENTARY INFORMATION

(This page has been left blank intentionally)

CITY OF HARRISONVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016

	General Fund			
	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	4,967,509	5,035,634	5,455,213	419,579
Licenses, fees, and permits	115,200	115,200	189,068	73,868
Charges for services	1,719,170	1,699,170	1,775,909	76,739
Grants	234,760	160,000	491,142	331,142
Fines and forfeitures	290,000	290,000	222,035	(67,965)
Interest	30,000	30,000	54,969	24,969
Proceeds from the sale of assets	15,100	15,100	21,925	6,825
Reimbursements		74,760	97,540	22,780
Miscellaneous	114,050	121,650	73,382	(48,268)
TOTAL REVENUES	7,485,789	7,541,514	8,381,183	839,669
EXPENDITURES				
General Government				
Mayor and Board	258,670	313,998	191,751	122,247
Finance	1,041,964	1,145,702	958,801	186,901
Administration	551,167	592,705	494,471	98,234
Property management	157,055	161,065	118,488	42,577
Total General Government	2,008,856	2,213,470	1,763,511	449,959
Administration of Justice				
Administration and dispatch	527,305	586,330	521,085	65,245
Patrol	2,392,352	2,454,801	1,921,230	533,571
Total Administration of Justice	2,919,657	3,041,131	2,442,315	598,816
Street	880,821	893,368	832,933	60,435
Economic Development	513,996	604,769	455,866	148,903
Airport	252,726	254,190	246,812	7,378
Capital outlay	425,167	1,113,966	950,944	163,022
TOTAL EXPENDITURES	7,001,223	8,120,894	6,692,381	1,428,513

CITY OF HARRISONVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016

	General Fund			
	Budget			Variance Positive
	Original	Final	Actual	(Negative)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	484,566	(579,380)	1,688,802	2,268,182
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,127,900)	(1,127,900)	(1,058,400)	69,500
NET CHANGE IN FUND BALANCES	(643,334)	(1,707,280)	630,402	2,337,682
FUND BALANCE, beginning of year - budget basis			5,005,319	
FUND BALANCE, end of year - budget basis			5,635,721	
Accrual adjustments			509,127	
FUND BALANCE, end of year - fund basis			6,144,848	

CITY OF HARRISONVILLE, MISSOURI
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2016

	Sales Tax Fund				Community Center Fund				Emergency Services Fund			
	Budget			Variance Positive	Budget			Variance Positive	Budget			Variance Positive
	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
REVENUES												
Taxes	975,000	975,000	1,007,862	32,862					473,500	473,500	518,021	44,521
Charges for services					969,640	938,490	886,805	(51,685)	1,372,380	1,372,380	1,383,370	10,990
Interest	1,000	1,000	792	(208)	1,500	1,500	25	(1,475)				
Miscellaneous					11,715	11,715	6,253	(5,462)	48,450	48,450	19,894	(28,556)
TOTAL REVENUES	976,000	976,000	1,008,654	32,654	982,855	951,705	893,083	(58,622)	1,894,330	1,894,330	1,921,285	26,955
EXPENDITURES												
Community Center					1,183,019	1,152,419	1,136,217	16,202				
Emergency Services									2,365,496	2,395,001	2,304,756	90,245
Capital outlay									212,025	185,365	177,340	8,025
TOTAL EXPENDITURES					1,183,019	1,152,419	1,136,217	16,202	2,577,521	2,580,366	2,482,096	98,270
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	976,000	976,000	1,008,654	32,654	(200,164)	(200,714)	(243,134)	(42,420)	(683,191)	(686,036)	(560,811)	125,225
OTHER FINANCING SOURCES (USES)												
Transfers in					137,735	137,735	137,735		684,500	684,500	684,500	
Transfers out	(976,000)	(976,000)	(975,998)	2								
Total other financing sources (uses)	(976,000)	(976,000)	(975,998)	2	137,735	137,735	137,735		684,500	684,500	684,500	
NET CHANGE IN FUND BALANCES			32,656	32,656	(62,429)	(62,979)	(105,399)	(42,420)	1,309	(1,536)	123,689	125,225
FUND BALANCE (DEFICIT), beginning of year - budget basis			18,579				101,269				(585,983)	
FUND BALANCE (DEFICIT), end of year - budget basis			51,235				(4,130)				(462,294)	
Accrual adjustments			95,616				(47,285)				675,397	
FUND BALANCE (DEFICIT), end of year - fund basis			146,851				(51,415)				213,103	

CITY OF HARRISONVILLE, MISSOURI
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 1. BUDGETARY INFORMATION

An annual budget prepared under the cash basis of accounting is adopted in December prior to the beginning of each fiscal year for all revenues and expenditures of the General Fund of the City. The primary basis of budgetary control is at the department level. Departments may not legally exceed their total appropriation without the Board of Aldermen approval. A review of the current year's budget is made by the departments in December of each year and interdepartmental transfers are made with Board of Aldermen approval. Any remaining unencumbered appropriations lapse at fiscal year-end unless reappropriated by the Board of Aldermen. Any increase in appropriations during the fiscal year must be approved by the Board of Aldermen.

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

Fiscal Year Ending	Actuarially Determined Contribution (a)	Contribution in Relation (b)	Contribution Deficiency (Excess) (a-b)	Covered Employee Payroll (d)	Contributions as a Percentage of Covered Employee Payroll (b/d)
6/30/07	459,484	441,384	18,100	4,581,311	9.63%
6/30/08	458,455	452,094	6,361	4,700,856	9.62%
6/30/09	519,204	517,246	1,958	5,032,095	10.28%
6/30/10	727,308	595,284	132,024	5,186,404	11.48%
6/30/11	757,093	673,908	83,185	5,373,244	12.54%
6/30/12	775,215	691,373	83,842	5,236,634	13.20%
6/30/13	738,479	721,852	16,627	5,327,580	13.55%
6/30/14	737,736	737,736		5,581,355	13.22%
6/30/15	622,293	622,293		5,469,323	11.38%
6/30/16	572,275	560,285	11,990	5,416,108	10.34%

*Option to provide RSI for ten years at transition or to provide RSI prospectively.

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
YEAR ENDED DECEMBER 31, 2016

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (Asset) Associated with Employer (b)	Total Proportionate Share of Net Pension Liability (a+b) (1)	Employer's Covered Employee Payroll (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Employee Payroll (1/2)	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)
June 30, 2015	(0.402004)%	(2,476,794)		(2,476,794)	5,469,323	(0.4529) %	(471.83)%
June 30, 2016	(0.402398)%	(333,084)		(333,084)	5,416,108	(0.0615) %	(7,613.83)%

* Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2016, the Measurement Date.

OTHER SUPPLEMENTARY INFORMATION

(This page has been left blank intentionally)

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2016

	Park Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
ASSETS			
Cash	38,923		38,923
Taxes receivable	46,910		46,910
Prepaid insurance	9,223		9,223
Restricted cash	56,442	320,998	377,440
TOTAL ASSETS	151,498	320,998	472,496
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Unearned revenue	14,552		14,552
Accounts payable	15,949		15,949
Total liabilities	30,501		30,501
FUND BALANCES			
Nonspendable	9,223		9,223
Restricted	56,442	320,998	377,440
Assigned	55,332		55,332
Total fund balances	120,997	320,998	441,995
TOTAL LIABILITIES AND FUND BALANCES	151,498	320,998	472,496

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2016

	Park Fund	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES			
Taxes			
Property	159,371		159,371
Other	16,878		16,878
Charges for services	83,414		83,414
Interest	93	594	687
Miscellaneous	17,501	4,637	22,138
Total revenues	277,257	5,231	282,488
EXPENDITURES			
Park	474,849		474,849
Capital outlay	22,447		22,447
Debt service			
Principal		700,000	700,000
Interest		138,888	138,888
Total expenditures	497,296	838,888	1,336,184
REVENUES UNDER EXPENDITURES BEFORE OTHER FINANCING SOURCES	(220,039)	(833,657)	(1,053,696)
OTHER FINANCING SOURCES			
Transfers in	243,400	838,263	1,081,663
NET CHANGE IN FUND BALANCES	23,361	4,606	27,967
FUND BALANCES, January 1, 2016	97,636	316,392	414,028
FUND BALANCES, December 31, 2016	120,997	320,998	441,995

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Aquatic Center Fund	Refuse Fund	Total
ASSETS			
Current Assets			
Cash		31,558	31,558
Accounts receivable		68,395	68,395
Prepaid insurance	2,441		2,441
Total current assets	2,441	99,953	102,394
Noncurrent Assets			
Restricted cash	152,989		152,989
Capital assets, net of accumulated depreciation	599,212		599,212
Total noncurrent assets	752,201		752,201
TOTAL ASSETS	754,642	99,953	854,595
LIABILITIES			
Current Liabilities			
Due to other funds	102,980		102,980
Accounts payable	2,109		2,109
TOTAL LIABILITIES	105,089		105,089
NET POSITION			
Net investment in capital assets	599,212		599,212
Restricted for:			
Capital improvements	152,989		152,989
Unrestricted (deficit)	(102,648)	99,953	(2,695)
TOTAL NET POSITION	649,553	99,953	749,506

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2016

	Aquatic Center Fund	Refuse Fund	Total
REVENUES			
Charges for services	147,697	504,735	652,432
EXPENSES			
Administration	174,869	505,064	679,933
Depreciation	87,660		87,660
Total expenses	262,529	505,064	767,593
LOSS FROM OPERATIONS	(114,832)	(329)	(115,161)
NONOPERATING REVENUES			
Interest income	458	69	527
CHANGE IN NET POSITION	(114,374)	(260)	(114,634)
TOTAL NET POSITION, beginning of year	763,927	100,213	864,140
TOTAL NET POSITION, end of year	649,553	99,953	749,506

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

	Aquatic Center Fund	Refuse Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	147,697	501,722	649,419
Cash payments to suppliers	(101,537)	(505,064)	(606,601)
Cash payments to employees	(73,061)		(73,061)
Net cash used in operating activities	(26,901)	(3,342)	(30,243)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Due from other funds	28,025		28,025
Net cash provided by noncapital financing activities	28,025		28,025
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(1,197)		(1,197)
Net cash used in capital and related financing activities	(1,197)		(1,197)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	458	69	527
Net investment activity	151,717		151,717
Net cash provided by investing activities	152,175	69	152,244
NET INCREASE (DECREASE) IN CASH	152,102	(3,273)	148,829
CASH, January 1, 2016	887	34,831	35,718
CASH, December 31, 2016	152,989	31,558	184,547

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

	Aquatic Center Fund	Refuse Fund	Total
ALLOCATION OF CASH			
Unrestricted		31,558	31,558
Restricted	152,989		152,989
	152,989	31,558	184,547
Reconciliation of Loss From Operations to Net Cash Used in Operating Activities			
Loss from operations	(114,832)	(329)	(115,161)
Adjustments to reconcile loss from operations to net cash used in operating activities:			
Depreciation and amortization	87,660		87,660
(Increase) Decrease in:			
Accounts receivable		(3,013)	(3,013)
Prepaid expenses	(114)		(114)
Increase (Decrease) in:			
Accounts payable	385		385
Total adjustments	87,931	(3,013)	84,918
Net cash used in operating activities	(26,901)	(3,342)	(30,243)

CITY OF HARRISONVILLE, MISSOURI
NONMAJOR SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2016

	Park Fund			
	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes	172,400	172,400	229,867	57,467
Charges for services	69,950	72,775	81,946	9,171
Interest	200	200	93	(107)
Miscellaneous	16,515	13,750	17,501	3,751
Total revenues	259,065	259,125	329,407	70,282
EXPENDITURES				
Park	479,123	480,140	472,676	7,464
Capital outlay	73,400	72,840	22,447	50,393
Total expenditures	552,523	552,980	495,123	57,857
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(293,458)	(293,855)	(165,716)	128,139
OTHER FINANCING SOURCES				
Transfers in	243,400	243,400	243,400	
NET CHANGE IN FUND BALANCES	(50,058)	(50,455)	77,684	128,139
FUND BALANCE, beginning of year - budget basis			17,681	
FUND BALANCE, end of year - budget basis			95,365	
Accrual adjustments			25,632	
FUND BALANCE, end of year - fund basis			120,997	

CITY OF HARRISONVILLE, MISSOURI
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2016

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES				
Interest	3,000	3,000	594	(2,406)
Miscellaneous			4,637	4,637
Total revenues	3,000	3,000	5,231	2,231
EXPENDITURES				
Debt Service				
Principal	700,000	700,000	700,000	
Interest	141,015	141,015	138,888	2,127
Total expenditures	841,015	841,015	838,888	2,127
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(838,015)	(838,015)	(833,657)	104
OTHER FINANCING SOURCES				
Transfers in	838,265	838,265	838,263	(2)
NET CHANGE IN FUND BALANCES	250	250	4,606	102
FUND BALANCE, beginning of year			316,392	
FUND BALANCE, end of year - fund basis			320,998	

CITY OF HARRISONVILLE, MISSOURI
ALL PROPRIETARY FUNDS
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2016

	Electric Fund				Water/Sewer Fund				Aquatic Center Fund			
	Budget			Actual Over (Under)	Budget			Actual Over (Under)	Budget			Actual Over (Under)
	Original	Final	Actual	Budget	Original	Final	Actual	Budget	Original	Final	Actual	Budget
REVENUES												
Charges for services	12,658,080	12,658,080	11,259,249	(1,398,831)	4,914,450	4,889,450	4,822,901	(66,549)	134,670	147,705	147,697	(8)
EXPENSES												
Production					1,629,386	1,697,331	1,524,109	173,222				
Distribution	9,200,000	9,200,000	8,147,705	1,052,295	642,105	762,577	620,996	141,581				
Administration	2,695,900	2,699,080	2,672,795	26,285	927,034	944,034	905,614	38,420	158,860	176,285	174,598	1,687
Capital outlay	753,200	921,216	197,588	723,628	8,090,000	10,013,276	1,259,898	8,753,378	1,300		1,197	(1,197)
Total expenses	12,649,100	12,820,296	11,018,088	1,802,208	11,288,525	13,417,218	4,310,617	9,106,601	160,160	176,285	175,795	490
INCOME (LOSS) FROM OPERATIONS	8,980	(162,216)	241,161	403,377	(6,374,075)	(8,527,768)	512,284	9,040,052	(25,490)	(28,580)	(28,098)	482
OTHER INCOME (EXPENSE)												
Transfers out												
Interest income	44,000	44,000	37,758	(6,242)	60,000	60,000	208,044	148,044	1,100	1,100	457	(643)
Other income	73,200	73,200	9,550	(63,650)	8,637,880	8,637,880	50,933	(8,586,947)				
Payments of long-term debt	(200,000)	(200,000)	(200,000)		(695,000)	(695,000)	(693,976)	1,024				
Interest expense	(49,227)	(49,227)	(48,086)	1,141	(520,000)	(520,000)	(290,516)	229,484				
Total other income (expense)	(132,027)	(132,027)	(200,778)	(68,751)	7,482,880	7,482,880	(725,515)	(8,208,395)	1,100	1,100	457	(643)
REVENUES OVER (UNDER) EXPENSES	(123,047)	(294,243)	40,383	334,626	1,108,805	(1,044,888)	(213,231)	831,657	(24,390)	(27,480)	(27,641)	(161)
NET POSITION, January 1, 2016, budget basis			3,195,622				5,694,349				77,650	
NET POSITION, December 31, 2016, budget basis			3,236,005				5,481,118				50,009	
Accrual adjustments			6,676,854				21,853,686				599,544	
NET POSITION, December 31, 2016, fund basis			9,912,859				27,334,804				649,553	

CITY OF HARRISONVILLE, MISSOURI
ALL PROPRIETARY FUNDS
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2016

	Refuse Fund				Total			
	Budget			Actual Over (Under)	Budget			Actual Over (Under)
	Original	Final	Actual	Budget	Original	Final	Actual	Budget
REVENUES								
Charges for services	507,960	503,630	501,722	(1,908)	18,215,160	18,198,865	16,731,569	(1,467,296)
EXPENSES								
Production					1,629,386	1,697,331	1,524,109	173,222
Distribution					9,842,105	9,962,577	8,768,701	1,193,876
Administration	501,925	503,730	505,064	(1,334)	4,283,719	4,323,129	4,258,071	65,058
Capital outlay					8,844,500	10,934,492	1,458,683	9,475,809
Total expenses	501,925	503,730	505,064	(1,334)	24,599,710	26,917,529	16,009,564	10,907,965
INCOME (LOSS) FROM OPERATIONS	6,035	(100)	(3,342)	(3,242)	(6,384,550)	(8,718,664)	722,005	9,440,669
OTHER INCOME (EXPENSE)								
Transfers in								
Interest income	100	100	69	(31)	105,200	105,200	246,328	141,128
Other income					8,711,080	8,711,080	60,483	(8,650,597)
Payments of long-term debt					(895,000)	(895,000)	(893,976)	1,024
Interest expense					(569,227)	(569,227)	(338,602)	230,625
Total other income (expense)	100	100	69	(31)	7,352,053	7,352,053	(925,767)	(8,277,820)
REVENUES OVER (UNDER) EXPENSES	6,135		(3,273)	(3,273)	967,503	(1,366,611)	(203,762)	1,162,849
NET POSITION, January 1, 2016, budget basis			34,831				9,002,452	
NET POSITION, December 31, 2016, budget basis			31,558				8,798,690	
Accrual adjustments			68,395				29,198,479	
NET POSITION, December 31, 2016, fund basis			99,953				37,997,169	

STATISTICAL SECTION
(Unaudited)

This part of the City of Harrisonville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	81 - 86
Revenue Capacity These schedules contain information to help the reader assess the City's two most significant local revenue sources: sales tax and property tax.	87 - 92
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	93 - 95
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	96 - 98
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	99 - 100

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 54 in 2011; schedules that include governmental fund balance classifications for years prior to 2011 are presented in pre-GASB 54 format.

Information presented in this section is required by GASB 44 to include current year plus nine years of previous data. In some cases, the City has not presented nine years of previous data as it is not readily available or has not been tracked by the City in the past.

(This page has been left blank intentionally)

CITY OF HARRISONVILLE, MISSOURI
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	10,352,096	10,653,678	11,264,304	12,728,792	13,911,126	14,660,071	16,629,597	17,372,336	17,620,666	18,094,342
Restricted	2,914,819	2,959,767	2,180,313	2,184,248	2,662,683	1,186,071	1,007,888	1,062,950	1,000,182	1,242,788
Unrestricted (deficit)	1,268,017	1,823,309	1,557,045	859,829	(818,266)	344,053	(1,427,705)	(1,829,279)	2,337,987	2,422,395
Total governmental activities net position	14,534,932	15,436,754	15,001,662	15,772,869	15,755,543	16,190,195	16,209,780	16,606,007	16,606,007	21,759,525
Business-type activities										
Net investment in capital assets	15,296,549	15,656,284	17,241,269	21,441,550	22,603,002	22,757,615	24,103,550	25,037,013	25,377,303	27,020,727
Restricted	1,947,727	2,131,131	2,044,493	2,054,861	2,557,484	2,194,593	2,170,113	1,957,857	1,745,814	2,424,296
Unrestricted	4,757,742	5,467,973	5,513,489	4,316,580	5,600,624	7,506,505	7,455,912	7,691,175	9,818,049	8,552,146
Total business-type activities net position	22,002,018	23,255,388	24,799,251	27,812,991	30,761,110	32,458,713	33,729,575	34,686,045	36,941,166	37,997,169
Primary government										
Net investment in capital assets	25,648,645	26,309,962	28,505,573	34,170,342	36,514,128	37,417,686	40,733,147	42,409,349	42,409,349	45,115,069
Restricted	4,862,546	5,090,898	4,224,806	4,239,109	5,220,167	3,380,664	3,178,001	3,020,807	3,020,807	3,667,084
Unrestricted	6,025,759	7,291,282	7,070,534	5,176,409	4,782,358	7,850,558	6,028,207	5,861,896	5,861,896	10,974,541
Total primary government net position	36,536,950	38,692,142	39,800,913	43,585,860	46,516,653	48,648,908	49,939,355	51,292,052	51,292,052	59,756,694

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES										
Governmental activities										
General Government	1,710,746	1,774,334	1,794,612	1,787,553	1,974,816	1,795,064	1,905,925	2,002,426	1,583,748	1,722,897
Administration of Justice	2,461,933	2,816,808	2,592,948	2,643,954	2,663,787	2,688,722	2,662,905	2,902,002	2,645,741	2,877,989
Fire and Emergency	575,410	588,701	367,525							
Street	1,104,687	1,157,618	1,258,830	1,398,582	1,217,982	871,419	997,572	1,134,034	1,001,075	1,157,722
Economic Development	177,994	201,947	155,637	179,210	191,704	225,041	293,097	312,060	431,396	497,326
Animal Control	151,092	156,545	143,313	143,878	162,758	167,154	176,656	179,525	192,396	192,369
Airport	325,579	391,387	347,264	331,203	321,968	319,622	359,292	300,459	308,994	339,387
Ambulance	950,069	945,798	2,017,191	2,237,316	2,489,922	2,472,147	2,273,547	2,346,331	2,310,217	2,497,603
Park	452,080	466,886	470,549	530,106	529,697	590,728	578,777	611,935	550,704	606,756
Community Center	1,289,607	1,277,944	1,413,738	1,367,488	1,450,404	1,506,078	1,650,035	1,617,794	1,458,666	1,488,614
Towne Center Project	1,074,469	5,678	15,923	18,726	10,187	12,766	13,046	8,126	7,654	7,075
CDBG pass-through expenses					753,740	6,500				
Interest on long-term debt	1,169,186	919,217	902,258	873,168	860,401	772,777	615,807	581,180	559,742	526,562
Total governmental activities expenses	11,442,852	10,702,863	11,479,788	11,511,184	12,627,366	11,428,018	11,526,659	11,995,872	11,050,333	11,914,300
Business-type activities										
Electric	11,320,839	11,171,665	10,820,766	11,029,794	10,637,961	11,247,956	11,427,822	11,861,775	10,969,788	11,249,953
Water and Sewer	3,908,279	4,245,705	4,031,290	4,214,590	3,652,972	3,703,248	3,693,731	4,102,397	3,953,599	4,079,377
Aquatic Center	204,045	233,572	252,734	229,978	289,610	276,719	260,514	255,901	247,561	262,529
Refuse	388,345	367,444	416,592	452,778	466,719	473,660	468,685	483,766	494,997	505,064
Total business-type activities expenses	15,821,508	16,018,386	15,521,382	15,927,140	15,047,262	15,701,583	15,850,752	16,703,839	15,665,945	16,096,923
Total primary government expenses	27,264,360	26,721,249	27,001,170	27,438,324	27,674,628	27,129,601	27,377,411	28,699,711	26,716,278	28,011,223
PROGRAM REVENUES										
Governmental activities										
Charges for services										
General Government	1,922,835	2,269,442	1,943,791	2,024,687	1,985,007	1,936,801	1,915,453	1,874,146	1,859,509	1,964,977
Administration of Justice	253,109	248,580	235,958	226,217	239,292	251,138	293,448	282,196	227,768	222,035
Ambulance	874,553	981,217	1,104,773	1,362,127	1,423,372	1,399,295	1,280,799	1,210,496	1,332,256	1,351,037
Park	28,503	25,313	23,276	22,609	24,015	28,807	60,448	60,478	68,955	83,414
Community Center	807,219	750,617	784,011	870,262	850,019	926,252	953,512	949,769	880,798	852,482
Operating grants and contributions	632,643	184,774	36,610	218,541	939,601	144,163	187,359	258,367	293,635	132,527
Capital grants and contributions				320,525	508,546					352,785
Total governmental activities program revenues	4,518,862	4,459,943	4,128,419	5,044,968	5,969,852	4,686,456	4,691,019	4,635,452	4,662,921	4,959,257
Business-type activities										
Charges for services										
Electric	12,185,598	11,712,338	11,355,377	11,529,975	11,200,157	11,688,342	12,020,203	12,272,400	11,451,836	11,328,726
Water and Sewer	4,503,439	4,651,353	4,866,050	4,588,165	4,458,249	4,581,605	4,313,059	4,351,387	4,747,235	4,864,960

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
PROGRAM REVENUES (Continued)										
Business-type activities (Continued)										
Charges for services (Continued)										
Aquatic Center	135,088	133,344	125,189	125,450	166,394	137,666	109,665	111,505	131,291	147,697
Refuse	398,383	399,814	424,579	451,427	469,763	462,386	465,954	490,664	500,253	504,735
Operating grants and contributions								10,000		
Capital grants and contributions				2,017,313	982,687	280,500			91,811	
Total business-type activities program revenues	16,897,162	16,754,585	16,667,908	18,252,596	17,888,791	17,150,499	16,908,881	17,235,956	16,922,426	16,846,118
Total primary government program revenues	21,357,105	20,883,004	21,712,876	24,222,448	22,575,247	21,836,955	21,599,900	21,871,408	21,585,347	21,805,375
NET (EXPENSE) REVENUE										
Governmental activities	(6,242,920)	(6,242,920)	(7,351,369)	(6,657,514)	(6,741,562)	(6,741,562)	(6,835,640)	(7,360,420)	(6,387,412)	(6,955,043)
Business-type activities	878,776	878,463	1,249,813	3,205,334	2,187,208	1,448,916	1,058,129	532,117	1,256,481	749,195
Total primary government net expense	(5,364,144)	(5,364,457)	(6,101,556)	(3,452,180)	(4,554,354)	(5,292,646)	(5,777,511)	(6,828,303)	(5,130,931)	(6,205,848)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities										
Taxes										
Property taxes	867,421	906,279	864,193	896,169	816,771	915,825	965,993	957,930	971,143	967,740
Sales taxes	3,523,837	3,605,629	3,388,455	3,978,397	4,186,070	4,239,538	4,231,748	4,532,729	4,530,932	4,695,188
Franchise taxes	1,485,734	1,969,979	1,657,903	1,762,577	1,622,045	1,572,099	1,590,453	1,601,918	1,904,019	1,450,532
Other taxes	161,988	152,724	215,065	211,217	152,046	157,339	352,997	338,935	345,644	347,882
Unrestricted investment earnings	649,256	313,661	118,459	37,719	33,593	29,815	36,838	40,726	41,110	56,623
Miscellaneous	260,722	196,470	458,050	351,344	320,148	294,193	169,275	307,504	271,252	237,768
Transfers					(490,485)	(32,595)	(33,265)	(23,095)		
Total governmental activities	6,948,958	7,144,742	6,702,125	7,237,423	6,640,188	7,176,214	7,314,039	7,756,647	8,064,100	7,755,733
Business-type activities										
Unrestricted investment earnings	456,808	374,907	294,050	228,550	227,646	216,092	149,424	246,333	239,868	246,329
Miscellaneous							130,771	154,925	153,871	60,480
Transfers					490,485	32,595	33,265	23,095	(200,000)	
Total business-type activities	456,808	374,907	294,050	228,550	718,131	248,687	313,460	424,353	193,739	306,809
Total primary government	7,405,766	7,519,649	6,996,175	7,465,973	7,358,319	7,424,901	7,627,499	8,181,000	8,257,839	8,062,542
CHANGE IN NET POSITION										
Governmental activities	706,038	901,822	(649,244)	579,909	(101,374)	434,652	478,399	396,227	1,676,688	800,690
Business-type activities	1,335,584	1,253,370	1,543,863	3,433,884	2,905,339	1,697,603	1,371,589	956,470	1,450,220	1,056,004
Total primary government	2,041,622	2,155,192	894,619	4,013,793	2,803,965	2,132,255	1,849,988	1,352,697	3,126,908	1,856,694

CITY OF HARRISONVILLE, MISSOURI
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GENERAL FUND										
Nonspendable					137,711	148,835	170,485	184,885	211,284	222,988
Restricted					113,630	114,065	114,159	114,855	115,021	111,610
Unassigned					5,930,458	6,304,295	5,384,287	4,784,005	5,336,961	5,810,251
Reserved	120,742	134,148	122,118	101,466						
Unreserved	7,585,851	8,203,393	8,179,575	7,202,484						
Total General Fund	7,706,593	8,337,541	8,301,693	7,303,950	6,181,799	6,567,195	5,668,931	5,083,745	5,663,266	6,144,849
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable					112,270	101,248	114,063	113,131	129,281	135,774
Restricted					2,549,053	1,073,822	851,553	944,488	1,313,363	1,280,789
Assigned					1,064,581	907,262	772,069	659,243	243,727	308,293
Unassigned (deficit)					(183,323)	(318,367)	(470,882)	(410,099)		(70,973)
Reserved	1,150,442	1,020,234	1,081,070	1,107,459						
Unreserved, reported in:										
Special revenue funds	3,380,010	3,532,205	2,350,584	2,523,616						
Total all other governmental funds	4,530,452	4,552,439	3,431,654	3,631,075	3,542,581	1,763,965	1,266,803	1,306,763	1,686,371	1,653,883

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - MODIFIED ACCRUAL
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Taxes										
Property	848,607	911,262	874,222	923,255	891,842	915,825	965,993	957,930	971,143	967,740
Sales	3,523,837	3,605,629	3,388,455	3,978,397	4,186,070	4,239,538	4,231,748	4,532,729	4,530,932	4,695,188
Franchise	1,485,734	1,969,979	1,657,903	1,762,577	1,622,045	1,572,099	1,590,453	1,601,918	1,904,019	1,450,532
Other	156,076	152,724	215,065	211,217	152,046	157,339	352,997	338,935	345,644	347,882
Licenses, fees, and permits	225,187	411,668	140,049	193,055	162,417	161,692	129,094	124,911	148,648	189,068
Fines and forfeitures	253,109	248,580	235,958	226,217	239,292	251,138	293,448	282,196	227,768	222,035
Charges for services	3,407,923	3,614,921	3,715,802	4,086,630	4,119,996	4,129,463	4,081,118	3,969,978	3,992,870	4,062,842
Grants	632,643	184,774	36,610	539,066	1,362,928	229,382	187,359	258,367	293,635	485,312
Investment earnings	649,256	313,661	118,459	37,719	33,593	29,815	36,838	40,726	41,110	56,623
Miscellaneous	260,722	196,470	458,050	351,583	336,855	294,193	169,275	307,504	271,252	241,132
Total revenues	11,443,094	11,609,668	10,840,573	12,309,716	13,107,084	11,980,484	12,038,323	12,415,194	12,727,021	12,718,354
EXPENDITURES										
General Government	1,615,486	1,675,957	1,705,939	1,686,829	1,875,373	1,667,057	1,787,238	1,857,424	1,578,196	1,593,951
Administration of Justice	2,374,198	2,720,316	2,481,177	2,529,476	2,554,360	2,581,042	2,571,510	2,824,957	2,545,685	2,568,837
Fire and Emergency	494,272	514,913	305,195							
Street	860,268	888,273	986,420	1,139,023	962,085	635,787	770,736	900,050	759,010	837,799
Economic Development	161,770	186,738	140,428	164,220	176,936	210,273	275,794	296,174	431,365	455,440
Animal Control	145,331	149,789	136,557	137,122	156,002	160,398	171,273	177,458	194,045	178,943
Airport	222,207	275,850	232,654	219,903	180,079	171,867	210,681	162,129	177,497	196,537
Ambulance	865,527	859,740	1,914,395	2,087,034	2,324,734	2,389,722	2,163,113	2,229,575	2,224,086	2,307,984
Park	378,458	396,746	395,146	462,220	462,593	488,375	463,459	505,454	463,685	474,849
Community Center	994,485	979,138	1,112,725	1,066,878	1,151,513	1,197,703	1,322,084	1,284,251	1,122,009	1,123,877
Towne Center Project	1,248,099	5,678	15,923	18,726	10,187	12,766	13,046	8,126	7,654	7,075
CDBG pass-through expenses					753,740	6,500				
Capital outlay	1,254,285	849,141	1,142,304	1,938,203	1,837,010	1,020,483	2,152,920	1,163,730	733,847	950,944
Debt service										
Principal	7,410,000	575,000	780,000	825,000	733,926	815,940	942,088	1,006,082	1,030,336	1,105,726
Interest and fiscal fees	1,165,574	879,454	862,495	833,404	820,637	699,696	556,542	521,915	500,477	467,297
Total expenditures	19,189,960	10,956,733	12,211,358	13,108,038	13,999,175	12,057,609	13,400,484	12,937,325	11,767,892	12,269,259
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,746,866)	652,935	(1,370,785)	(798,322)	(892,091)	(77,125)	(1,362,161)	(522,131)	959,129	449,095

CITY OF HARRISONVILLE, MISSOURI
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - MODIFIED ACCRUAL
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
OTHER FINANCING SOURCES (USES)										
Proceeds of long-term debt	8,435,895				171,931					
Payments to escrow agent						(1,283,500)				
Transfers in	1,307,535	1,343,412	1,425,335	3,779,288	2,680,436	2,578,093	2,228,146	3,018,833	2,851,276	2,034,398
Transfers out	(1,307,535)	(1,343,412)	(1,425,335)	(3,779,288)	(3,170,921)	(2,610,688)	(2,261,411)	(3,041,928)	(2,851,276)	(2,034,398)
Total other financing sources (uses)	8,435,895				(318,554)	(1,316,095)	(33,265)	(23,095)		
NET CHANGES IN FUND BALANCES	9,088,830	(1,370,785)	(798,322)	(892,091)	(395,679)	(1,393,220)	(1,395,426)	(545,226)	959,129	449,095
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	14.4%	14.8%	14.8%	12.8%	13.7%	13.7%	13.3%	13.0%	13.9%	13.9%

CITY OF HARRISONVILLE, MISSOURI
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended December 31,	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
2007	91,927,554	23,243,342	115,170,896	0.77
2008	93,646,146	21,440,771	115,086,917	0.78
2009	93,250,444	25,538,774	118,789,218	0.66
2010	94,022,248	25,241,452	119,263,700	0.66
2011	94,424,728	23,546,390	117,971,118	0.67
2012	95,845,535	22,091,806	117,937,341	0.68
2013	94,552,735	22,682,321	117,235,056	0.69
2014	94,992,339	25,948,277	120,940,616	0.69
2015	96,409,365	25,097,110	121,506,475	0.69
2016	96,807,843	23,807,868	120,615,711	0.69

Source: Cass County Assessor's Office

Note: A statewide real property reassessment program was implemented January 1, 1985, to create a more equitable sharing of the property tax burden by owners of real property.

Assessed value was determined by applying one of three percentages to the market value. Those percentages are 32 for commercial, 19 for residential, and 12 for agriculture.

Tax rates are per $100 of assessed value.

CITY OF HARRISONVILLE, MISSOURI
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year Ended December 31,	City Direct Rates				Overlapping Rates			
	General Fund	Ambulance Fund	Park Fund	Total Direct	State	Other	Total Overlapping Rates	Total Direct and Overlapping
2007	0.5278	0.1195	0.1195	0.7668	0.03	6.04	6.07	6.84
2008	0.5358	0.1213	0.1213	0.7784	0.03	6.19	6.22	7.00
2009	0.5422		0.1227	0.6649	0.03	6.19	6.22	6.88
2010	0.5422		0.1227	0.6649	0.03	6.20	6.23	6.89
2011	0.5501		0.1245	0.6746	0.03	6.20	6.23	6.90
2012	0.5585		0.1264	0.6849	0.03	6.18	6.21	6.90
2013	0.5658		0.1280	0.6938	0.03	6.18	6.21	6.91
2014	0.5672		0.1283	0.6955	0.03	6.18	6.21	6.91
2015	0.5672		0.1283	0.6955	0.03	6.18	6.21	6.91
2016	0.5672		0.1283	0.6955	0.03	6.18	6.21	6.91

Source: Cass County Collector

Note: The City's direct property tax rate may be increased only by a majority vote of the City's residents.

CITY OF HARRISONVILLE, MISSOURI
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2016 Taxable Assessed Value	2016 Rank	2016 Percentages of Total Assessed Valuation	2007 Taxable Assessed Value	2007 Rank	2007 Percentages of Total Assessed Valuation
Church & Dwight	7,172,120	1	5.95	4,824,870	1	4.19
Wal-Mart	3,167,500	2	2.63	3,097,868	2	2.69
HFMD Properties, LLC	2,420,110	3	2.01			
Harrisonville MP II, LLC	2,219,230	4	1.84			
Sutherlands Lumber Co.	1,461,150	5	1.21	820,820	7	0.71
Mill-Walk Mall	1,431,000	6	1.19	1,447,670	3	1.26
Harrisonville Crossings Properties	930,630	7	0.77	986,850	5	0.86
RLP Development Company	656,470	8	0.54			
Steven Flanery	648,300	9	0.54	564,940	10	0.49
Max Properties	647,300	10	0.54			
Eaglepicher Pharmaceutical				1,070,640	4	0.93
AHG, Inc.				880,010	6	0.76
Universal Forest Products				812,605	8	0.71
Crown Properties, LC				575,830	9	0.50
TOTALS	20,753,810		17.70	15,082,103		13.10

Data provided by the Cass County Collector

CITY OF HARRISONVILLE, MISSOURI
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
2007	883,130	728,365	82.48	154,765	883,130	100.00		
2008	895,837	858,631	95.85	37,206	895,837	100.00		
2009	789,830	763,896	96.72	25,934	789,830	100.00		
2010	792,984	721,512	90.99	71,472	792,984	100.00		
2011	795,833	746,929	93.85	47,436	794,365	99.82	1,468	0.18
2012	807,753	732,284	90.66	74,038	806,322	99.82	1,431	0.18
2013	813,377	728,785	89.60	83,468	812,253	99.86	1,124	0.14
2014	841,142	792,712	94.24	46,785	839,497	99.80	1,645	0.20
2015	845,078	826,840	97.84	9,138	835,978	98.92	9,100	1.08
2016	838,882	774,804	92.36		774,804	92.36	64,078	7.64

NOTES: Amounts relating to railroad and utility property taxes are not included above.

Taxes paid under protest are held by the respective County Collector until the protest is resolved. This schedule presents taxes paid under protest at June 30 as delinquent, and subsequent remittances to the City are included as delinquent tax collections.

CITY OF HARRISONVILLE, MISSOURI
DIRECT AND OVERLAPPING
SALES TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	City Rate	Cass County	State	Total
2007	1.500	1.250	4.225	6.975
2008	1.500	1.250	4.225	6.975
2009	1.875	1.250	4.225	7.350
2010	1.875	1.250	4.225	7.350
2011	1.875	1.250	4.225	7.350
2012	1.875	1.750	4.225	7.850
2013	1.875	1.750	4.225	7.850
2014	1.875	1.750	4.225	7.850
2015	1.875	1.750	4.225	7.850
2016	1.875	1.750	4.225	7.850

Source: Missouri Department of Revenue

CITY OF HARRISONVILLE, MISSOURI
TAXABLE RETAIL SALES
LAST TEN CALENDAR YEARS
(in thousands of dollars)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TOTAL RETAIL SALES	199,144	200,585	198,251	192,046	201,671	204,736	203,559	213,512	217,311	223,335

Note: This report does not break out taxable sales by retail category as some detail information is considered confidential by state law.

Source: Missouri Department of Revenue

CITY OF HARRISONVILLE, MISSOURI
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended December 31,	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Certificates of Participation	Revenue Bonds	Promissory Notes	Capital Lease Payable	Revenue Bonds	Promissory Note			
2007	10,810,000	8,630,000		425,794	11,175,000		31,040,794	0.15	2,985
2008	10,235,000	8,630,000		397,257	10,290,000		29,552,257	0.15	2,842
2009	9,635,000	17,450,000		367,027	9,580,000		37,032,027	0.18	3,561
2010	9,010,000	17,250,000		335,002	9,059,375		35,654,377	0.18	3,428
2011	8,530,000	17,030,000	171,931	301,076	11,718,541	380,000	38,131,548	0.17	3,806
2012	7,295,000	16,785,000	171,931	265,136	11,556,672	380,000	36,453,739	0.16	3,634
2013	6,665,000	16,520,000	162,916	227,063	10,711,700	278,869	34,565,548	0.15	3,443
2014	6,015,000	16,220,000	147,165	186,732	9,885,400	250,060	32,704,357	0.14	3,257
2015	5,350,000	15,920,000	152,066	144,006	9,045,400	220,526	30,831,998	0.13	3,071
2016	4,650,000	15,585,000	126,602	98,744	8,181,700	190,250	28,832,296	0.12	2,872

CITY OF HARRISONVILLE, MISSOURI
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2016

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Assessed valuation	120,615,711		120,615,711
Constitutional debt limit	12,061,571	12,061,571	24,123,142
Less general obligation bonds payable	- 0 -	- 0 -	- 0 -
	12,061,571	12,061,571	24,123,142
Cash and securities available for retirement	- 0 -	- 0 -	- 0 -
	12,061,571	12,061,571	24,123,142

(1) Article VI, Sections 26(b) and (c) of the State Constitution permits the City, by vote of two-thirds of the voting electorate, to incur an indebtedness for City purposes not to exceed 10% of the taxable tangible property therein as shown by the last completed assessment.

(2) Article VI, Sections 26(d) and (e) of the State Constitution provides that the City may become indebted not exceeding the aggregate and additional 10% for the purpose of acquiring rights-of-way, constructing, extending and improving streets and avenues and/or sanitary storm systems, and purchasing or constructing waterworks and electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation.

CITY OF HARRISONVILLE, MISSOURI
COMPUTATION OF DIRECT AND ESTIMATED OVERLAPPING DEBT
DECEMBER 31, 2016

Taxing Jurisdiction	Gross Debt Less Sinking Fund (1)	Approximate Percentage Applicable to Harrisonville (1)	Approximate Amount Applicable to Harrisonville (1)
School Districts, Cass R-IX	29,777,862	65%	19,355,610
Direct debt obligations of the City of Harrisonville (general obligation bonds), net of debt service funds		0%	
Total direct and estimated overlapping debt	29,777,862		19,355,610

(1) On the basis of assessed valuation.

NOTE: Other government entities whose boundaries overlap the City have outstanding bonds payable from ad valorem taxes. This schedule of direct and estimated overlapping ad valorem debt was compiled from information furnished by the jurisdictions responsible for debt. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no representation regarding the reliability of such information is made.

Furthermore, certain entities listed in the statement may have issued additional bonds and such entities may have programs requiring the issuance of substantial additional bonds, the amounts of which cannot be determined at this time.

Lease purchase agreements are not included in this schedule but have been included in the past. This change accounts for the significant difference among this year and previous years' schedules.

CITY OF HARRISONVILLE, MISSOURI
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Personal Income	(3) School Enrollment	(2) Unemployment Rate
2007	10,400	205,920,000	19,800	2,500	4.30%
2008	10,400	201,040,000	19,331	2,504	6.10%
2009	10,400	201,040,000	19,331	2,580	10.00%
2010	10,400	201,040,000	19,331	2,580	10.00%
2011	10,019	218,915,150	21,850	2,580	7.90%
2012	10,030	230,630,000	23,063	2,585	6.40%
2013	10,040	235,000,000	23,400	2,590	6.40%
2014	10,040	240,000,000	23,750	2,500	6.40%
2015	10,040	232,000,000	23,103	2,459	5.70%
2016	10,104	232,000,000	21,717	2,425	4.70%

Data Sources:

1 Bureau of Census and City estimates
2 KCADC and City estimates
3 School District

CITY OF HARRISONVILLE, MISSOURI
PRINCIPAL EMPLOYERS
THIS FISCAL YEAR AND EIGHT YEARS AGO

	2016			2008	
Employer	Employees	Rank	% of Total Employment	Employees	Rank
Wal-Mart Distribution Center	630	1	22.52%	775	1
Cass Medical Center	394	2	14.09%	330	4
Cass R-IX Schools	382	3	13.66%	367	3
Wal-Mart	298	4	10.65%	390	2
Cass County Government	276	5	9.87%	285	5
Church & Dwight Co., Inc.	230	6	8.22%	208	8
City of Harrisonville	198	7	7.08%	225	6
Casco Area Workshop	194	8	6.94%	220	7
Crown Care Center	105	9	3.75%	101	9
Family Center	90	10	3.22%	98	10
Total Employment	2,797			2,999	

Source: Harrisonville Area Chamber of Commerce and Economic Development

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF PROPERTY VALUE, CONSTRUCTION PERMITS ISSUED,
AND TOTAL DOLLARS ON DEPOSIT AT YEAR-END
WITH LOCAL BANKS AND SAVINGS AND LOANS
LAST TEN YEARS

Year	Construction Permits and Value (1) and (2)				Total Year-End Deposits at Local Banks (Thousands)	Total Property Value (3)
	Residential		Commercial			
	Number	Value	Number	Value		
December 2007	861	6,049,296	154	14,936,040	339,313	115,170,896
December 2008	319	3,054,774	93	59,978,221	277,759	115,086,917
December 2009	245	1,672,246	68	1,180,815	295,081	118,789,218
December 2010	276	1,283,561	95	18,650,228	317,327	119,263,700
December 2011	318	1,403,626	98	3,392,188	329,770	117,971,118
December 2012	240	2,103,410	76	3,685,500	341,344	117,937,341
December 2013	176	1,331,781	73	5,293,503	379,785	117,235,056
December 2014	176	1,973,875	66	2,416,903	326,918	120,940,616
December 2015	180	2,202,655	59	8,042,346	348,202	121,506,475
December 2016	241	6,672,912	83	10,622,390	340,592	120,615,711

(1) Permit totals include additions to existing structures.

(2) Information obtained from Codes Administration Department.

(3) Assessed valuation.

CITY OF HARRISONVILLE, MISSOURI
CAPITAL ASSET STATISTICS
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Patrol units	23	23	23	23	20	20	20	21	21	21
Police stations	1	1	1	1	1	1	1	1	1	1
Fire										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire hydrants	660	670	678	678	678	678	678	678	678	678
Streets										
Miles	69	69	69	69	69	69	69	69	69	69
Streetlights	900	900	900	900	900	900	900	900	900	900
Miles of storm sewers	9	9	9	9	9	9	9	9	9	9
Parks										
Parks	6	6	6	6	6	6	6	6	6	6
Acreage	250	250	250	250	250	250	250	250	250	250
Golf courses	2	2	2	2	2	2	2	2	2	2
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	4	4	4	4	4	4	4	4	4	4
Community centers	7	7	7	7	7	7	7	7	7	7
Sewer										
Sanitary sewer (miles)	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0
Plant capacity (mgl)	1.3	1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Treatment plants	1	1	1	1	1	1	1	1	1	1
Service connections	4,094	4,102	4,084	4,071	4,037	4,062	4,061	4,073	4,083	4,106
Maximum daily capacity of treatment plant in gallons	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Water										
Miles of water mains	56	56	56	56	56	56	56	56	56	56
Service connections	3,984	3,992	3,978	3,966	3,923	3,937	3,950	3,944	3,955	4,188
Daily average consumption in gallons	1,300,000	1,300,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000	950,000

Source: City Department Heads

CITY OF HARRISONVILLE, MISSOURI
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Management	5	5	5	5	4	4	3	3	3	3
Finance	7	8	7	6	7	6	7	6	6	7
Codes	4	4	4	4	4	2	2			
Community Development	2	1	2	2	2	3	3	4	5	5
Police										
Officers	20	20	21	23	25	23	23	24	23	20
Civilians	6	5	6	6	6	6	5	6	6	8
Animal Control	2	1	2	2	2	1	2	2	2	2
Court	1	1	1	1	1	1	1	1	1	2
Fire/EMS										
Firefighters/Director*	5	5	1	1	1	1			1	1
Director/Firefighters/ EMTs*	2	3	19	17	15	19	21	19	18	17
Clerk	1	1	1	1	1	1	1	1	1	1
Public Works										
Engineering	1	1	1	1	1	1	1	1	1	
Streets	8	8	8	7	7	8	8	8	8	8
Electric	9	9	9	8	8	7	8	10	11	8
Water	13	13	13	13	12	12	12	12	12	12
Wastewater	5	5	4	4	4	4	4	4	4	4
Airport	1	1	1	1	1	1	1	1	1	1
Community Center/Parks	9	11	11	11	10	8	10	11	11	11
Total	101	102	116	113	111	108	112	113	114	110

* For 2014, the Firefighter category has been combined with Paramedics, and Codes category has been combined with Community Development.

DANA F. COLE
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and
Members of the Board of Aldermen
City of Harrisonville, Missouri

We have audited, in accordance with the 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, the financial statements of the City of Harrisonville, Missouri, which comprise the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of and for the year ended December 31, 2016, and have issued our report thereon dated April 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Harrisonville, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a significant deficiency as item 2016-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Harrisonville, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

City of Harrisonville, Missouri's Response to Findings

The City of Harrisonville, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City of Harrisonville, Missouri's response, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dana J Cole + Company, LLP

Overland Park, Kansas
April 27, 2017

CITY OF HARRISONVILLE, MISSOURI
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2016

2016-001 RELIANCE UPON THE AUDITOR

Criteria

As described in our engagement letter, management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of financial statements, including the notes to the financial statements, in conformity with accounting principles generally accepted in the United States of America.

Condition

Management should possess the ability to reconcile all accounts and prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors. The auditors drafted the financial statements and related note disclosures from a trial balance and other documentation provided by City personnel.

Cause

City personnel do not obtain the expertise necessary to draft the year-end financial statements, supplementary information, and notes to the financial statements.

Potential Effect

The potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the City's internal control.

Recommendation

We recommend that the City review and approve the proposed auditor adjusting entries, the adequacy of financial statement disclosures prepared by the auditors, and apply analytic procedures to the draft financial statements, among other procedures as considered necessary by management.

Views of Responsible Officials and Corrective Action Plan

The City relies on the auditor to propose adjustments necessary to prepare the financial statements including the related note disclosures. The City reviews such financial statements and approves all adjustments. The City also uses analytic procedures among other procedures necessary to complete the Management's Discussion and Analysis.

CITY OF HARRISONVILLE, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016

2015-001 RELIANCE UPON THE AUDITOR

Management should possess the ability to reconcile all accounts and prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires that management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors. See current year finding 2016-001.

APPENDIX C

DEFINITIONS OF WORDS AND TERMS; SUMMARIES OF CERTAIN DOCUMENTS

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX C

DEFINITIONS OF WORDS AND TERMS; SUMMARIES OF CERTAIN DOCUMENTS

DEFINITIONS OF WORDS AND TERMS

In addition to the words and terms defined elsewhere in this Official Statement, the following are certain defined terms used in the Indenture and this Official Statement. The list of defined terms does not purport to be complete, and reference is made to the full text of the Indenture for a complete recital of the defined terms used therein.

"**Authorized City Representative**" means the Mayor, the City Administrator, the City's Director of Finance, or such other Person at the time designated to act on behalf of the City as evidenced by written certificate furnished to the Trustee containing the specimen signature of such Person and signed on behalf of the City by an Authorized City Representative. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized City Representative.

"**Bond Counsel**" means Bryan Cave Leighton Paisner LLP or any other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing and experienced in matters relating to the tax exemption of interest payable on obligations of states and their instrumentalities and political subdivisions, and which is selected by the City and acceptable to the Trustee.

"**Bond Ordinance**" means the ordinance of the City adopted on April 16, 2018, authorizing the execution and delivery of the Indenture and the issuance of the Bonds.

"**Bonds**" means the City's Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2018 in the aggregate principal amount of $5,580,000.

"**Book-Entry System**" means the book-entry system maintained by the Securities Depository described in the Indenture.

"**Business Day**" means any day other than a Saturday, Sunday or any other day on which banking institutions in the city in which the principal corporate trust office of the Trustee is located are required or authorized by law to close.

"**City**" means the City of Harrisonville, Missouri, is a city of the fourth class and political subdivision duly organized and existing under the laws of the State of Missouri, together with its successor and assigns.

"**City Revenues**" means all legally available funds appropriated by the City pursuant to Section 602 of the Indenture for the payment of the principal of and interest on the Bonds, excluding TIF Revenues, that are deposited into the City Revenues Account of the Revenue Fund.

"**Code**" means the Internal Revenue Code of 1986, as amended, and the applicable regulations, temporary regulations and proposed regulations thereunder.

"**Commission**" means the Tax Increment Financing Commission of Harrisonville, Missouri, a tax increment financing commission duly organized and existing under the laws of the State of Missouri, together with its successor and assigns.

"**Continuing Disclosure Agreement**" means the Continuing Disclosure Agreement between the City and the Trustee, as dissemination agent thereunder, as from time to time amended.

"**Costs of Issuance**" means issuance costs with respect to the Bonds that are permitted under the Act to be paid out of proceeds of the Bonds, including but not limited to the following: 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); counsel fees (including bond counsel, underwriter's counsel and City's counsel as well as any other specialized counsel fees incurred in connection with the borrowing); financial advisor fees of any financial advisor to the City incurred in connection with the issuance of the Bonds; rating agency fees; bond insurance premiums and liquidity fees, trustee, escrow agent and paying agent fees; accountant fees and other expenses related to issuance of the Bonds; printing costs (for the Bonds and of any official statement relating to the Bonds); and fees and expenses of the City incurred in connection with the issuance of the Bonds.

"**Debt Service Fund**" means the fund by that name created in the Indenture.

"**Debt Service Requirements**" means for any period of time for which calculated, the aggregate of the payments to be made during such period in respect of principal (whether at maturity or otherwise) and interest on Bonds; provided that such payments are excluded from Debt Service Requirements to the extent that cash or Investment Securities are on deposit in an irrevocable escrow or trust account and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay principal or interest on the Bonds and are sufficient to pay such principal or interest.

"**Event of Default**" means any event or occurrence as defined in the Indenture.

"**Financing Documents**" means the Indenture, the Bonds, the Purchase Contract, the Continuing Disclosure Agreement, the Redevelopment Agreement, the TDD Agreement, 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.

"**Fiscal Year**" means the fiscal year adopted by the City for accounting purposes, which as of the execution of the Indenture commences on January 1 and ends on December 31.

"**Force Majeure**" means strikes, lockouts, other labor or industrial disturbances, civil disturbances, future valid orders of any governmental authorities, act of the public enemy, war, riot, sabotage, blockade, embargo, failure or inability to secure material or labor by reason of priority or similar regulation or orders of any governmental authorities, lightning, earthquake, fire, storm, hurricane, flood, washout, explosion, act of God, or any other similar cause.

"**Government Securities**" means direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America and backed by the full faith and credit thereof.

"**Immediate Notice**" means notice given no later than the close of business on the date required by the provisions of the Indenture by telegram, telex, telecopier or other telecommunication device to such phone numbers or addresses as are specified in the Indenture or such other phone number or address as the addressee shall have directed in writing, the receipt of which is confirmed by telephone, promptly followed by written notice by first-class mail, postage prepaid to such addressees.

"**Interest Payment Date**" means each May 1 and November 1 commencing November 1, 2018.

"**Investment Securities**" means any of the following securities purchased in accordance with the Indenture, , if and to the extent the same are at the time legal for investment of the funds being invested:

(a) Government Securities;

(b) bonds, notes or other obligations of the State, or any political subdivision of the State, that at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service;

(c) repurchase agreements with any bank, bank holding company, savings and loan association, trust company, or other financial institution organized under the laws of the United States or any state, including, without limitation, the Trustee or any of its affiliates, that are continuously and fully secured by any one or more of the securities described in clause (a) or (b) above and have a market value at all times at least equal to the principal amount of such repurchase agreement and are held in a custodial or trust account for the benefit of the City;

(d) obligations of Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Corporation, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Corporation;

(e) certificates of deposit or time deposits or demand deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States or any state, including, without limitation, the Trustee or any of its affiliates, provided that such certificates of deposit or time deposits or demand deposits shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities as are described above in clauses (a) through (c) above, inclusive, which shall have a market value at all times at least equal to the principal amount of such certificates of deposit or time deposits;

(e) investment agreements constituting an obligation of a bank, bank holding company, savings and loan association, trust company, insurance company or other financial institution whose outstanding unsecured short-term debt is rated at the time of such agreement in the highest rating category by a nationally recognized rating agency or whose outstanding unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating agency;

(f) short term discount obligations of the Federal National Mortgage Association and the Government National Mortgage Association;

(g) commercial paper which is rated at the time of purchase in the single highest classification by a nationally recognized rating agency, and maturing not more than 270 days after the date of purchase; and

(h) money market mutual funds that are invested in Government Securities and repurchase agreements with respect to such obligations and

(i) any other securities or investments that are lawful for the investment of moneys held in such funds or accounts under the laws of the State and are approved by 100% of the Owners.

"**Issue Date**" means April 26, 2018.

"**Net Proceeds**" means all moneys on deposit (including investment earnings thereon) in (i) the PILOT Account of the Special Allocation Fund for Redevelopment Project Area I, (ii) subject to annual appropriation by the City, the Economic Activity Account of the Special Allocation Fund for Redevelopment Project Area I, (iii) the Net TDD Sales Tax revenues transferred by the TDD to the Trustee and on deposit

in the TDD Sales Tax Account of the Revenue Fund, and (iv) any City Revenues on deposit in the City Revenues Account of the Revenue Fund. Net Proceeds do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer, and (ii) any sum which is the subject of a suit or other claim which suit or claim challenges the collection of such sum.

"**Net TDD Sales Tax**" means, subject to annual appropriation by the Board of Directors of the TDD, the amount of TDD Sales Tax revenues received from the Missouri Department of Revenue and deposited into the TDD Sales Tax Trust Fund, after deducting (i) one percent (1%) of the total TDD Sales Tax received from the Department of Revenue payable to the City for an administrative fee, (ii) the Economic Activity Tax Revenues that are transferred to the City for deposit into the TDD Sales Tax Account of the Special Allocation Fund, and (iii) such additional amounts as needed for the City to maintain a balance of $1,000 in funds available to the City to enforce collection of the TDD Sales Tax, which Net TDD Sales Tax revenues the TDD will transfer, or cause to be transferred, to the Trustee for deposit into the TDD Sales Tax Account of the Revenue Fund pursuant to the Indenture. Net TDD Sales Tax revenues do not include (i) any amount paid under protest until the protest is withdrawn or resolved against the taxpayer and (ii) any sum received by the TDD which is the subject of a suit or other claim communicated to the TDD which suit or claim challenges the collection of such sum.

"**Official Statement**" means, collectively, the Preliminary Official Statement dated April 6, 2018 and the final Official Statement dated April 16, 2018 relating to the issuance and sale of the Bonds.

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

"**Original Purchaser**" means Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri.

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

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Bonds which are deemed to have been paid in accordance with the Indenture;

(c) Bonds alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in the Indenture; and

(d) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture.

"**Owner**" or "**Registered Owner**" means the Person in whose name any Bond is registered on the Register.

"**Paying Agent**" means the Trustee and any other bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated by the Indenture as paying agent for the Bonds at which the principal of and interest on such Bonds shall be payable.

"**Payment Date**" means any Interest Payment Date or a maturity date or any other date on which the principal of or interest on the Bonds is payable.

"**Person**" means any natural person, firm, partnership, association, corporation, limited liability company or public body.

"**Pledged Revenues**" means all Net Proceeds and all moneys held in the Revenue Fund, the Debt Service Fund, and the Project Fund under the Indenture, together with investment earnings thereon.

"**Plan**" means the Harrisonville Towne Center Tax Increment Financing Plan recommended by the Commission on September 14, 2005 and approved by the City on October 3, 2005, as such may be amended and supplemented in accordance with the Act and the terms thereof.

"**Project**" means acquisition, construction and improvement of a portion of Redevelopment Area – Project I (as defined in the Redevelopment Area as contemplated by the Plan), including, but not limited to the acquisition, construction and improvement of the sanitary sewer, public water, roadway and storm water improvements set forth on Exhibit E to the Redevelopment Agreement.

"**Project Fund**" means the fund by that name created in the Indenture.

"**Purchase Contract**" means the Bond Purchase Agreement relating to the Bonds between the City and the Original Purchaser.

"**Rebate Fund**" means the fund by that name created in the Indenture.

"**Record Date**" for the interest payable on any Interest Payment Date means the 15th calendar day, whether or not a Business Day, of the month next preceding such Interest Payment Date.

"**Redeveloper**" means D. J. Christie, Inc., a Missouri corporation, together with its successors and assigns under the Redevelopment Agreement.

"**Redevelopment Agreement**" means the Redevelopment Agreement dated as of December 22, 2005 between the City and the Redeveloper, as such agreement may be amended and supplemented in accordance with the terms thereof.

"**Register**" means the registration books of the City kept by the Trustee to evidence the registration, transfer and exchange of Bonds.

"**Registrar**" means the Trustee when acting as such under the Indenture.

"**Revenue Fund**" means the fund by that name created in the Indenture.

"**Securities Depository**" means The Depository Trust Company, New York, New York, or is nominee, and its successor and assigns, acting as securities deposit under a Book-Entry System.

"**Special Allocation Fund**" means the Special Allocation Fund created for the Plan.

"**State**" means the State of Missouri.

"**Supplemental Indenture**" means any indenture supplemental or amendatory to the Indenture entered into by the City and the Trustee pursuant to the Indenture.

"**Tax Compliance Agreement**" means the Tax Compliance Agreement, dated as of even date herewith, between the City and the Trustee, as from time to time amended in accordance with the provisions thereof.

"**TDD**" means The Harrisonville Towne Center Transportation Development District, a political subdivision of the State of Missouri, formed for the purpose of financing a portion of the costs of certain transportation improvements within and benefiting Redevelopment Project Area 1.

"**TDD Act**" means the Missouri Transportation Development District Act, Sections 238.200 through 238.280, inclusive, of the Revised Statutes of Missouri, as amended.

"**TDD Agreement**" means Cooperative Agreement, dated as of December 22, 2005, between the City and the TDD, as amended and supplemented in accordance with First Amendment to Cooperative Agreement, dated as of April 26, 2018, and as further amended and supplemented in accordance with the terms thereof.

"**TDD Improvements**" means those improvements that are part of the Project and which are identified as such in the TDD Agreement.

"**TDD Sales Tax**" means, initially, the one percent (1%) sales and use tax approved by the voters in the TDD and a resolution of the Board of Directors of the TDD and levied pursuant to Section 238.235 of the Revised Statutes of Missouri, as amended, the proceeds of which the TDD will deposit into the TDD Sales Tax Trust Fund held by the TDD, or by the City on behalf of the TDD and which may be used to pay a portion of the costs of Project, including, upon transfer by the TDD to the Trustee pursuant to the terms of the TDD Agreement and the Indenture, to pay the principal of, premium, if any, and interest on that portion of the Bonds allocable to the TDD Improvements, subject to annual appropriation by the Board of Directors of the TDD.

"**TDD Sales Tax Trust Fund**" means the trust fund established by the TDD pursuant to the TDD Act that is held and administered by the TDD and into which the TDD will deposit all TDD Sales Tax revenues upon receipt thereof pursuant to the terms of the TDD Agreement.

"**TIF Revenues**" means, collectively, the Economic Activity Taxes and the Payments in Lieu of Taxes (as such terms are defined in the Redevelopment Agreement).

"**Trust Estate**" means the Trust Estate described in the granting clauses of the Indenture.

"**Trustee**" means Security Bank of Kansas City, Kansas City, Kansas, and its successor or successors and any other association or corporation which at any time may be substituted in its place pursuant to and at the time serving as trustee under the Indenture.

* * * * * * * *

SUMMARY OF THE INDENTURE

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

Nature of Obligations.

The Bonds and the interest thereon shall be special, limited obligations of the City payable solely from the Pledged Revenues and other moneys pledged thereto and held by the Trustee as provided herein, 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 the interest thereon do not constitute a debt of the City, the CID, the TDD, the State or any political subdivision thereof, and do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Except as otherwise provided herein, no recourse shall be had for the payment of the principal of or interest on, any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future member of the Board of Aldermen 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, and all such liability of any such member of the City, trustee, officer, official, employee or agent as such is hereby expressly waived and released as a condition of and in consideration for the execution of the Indenture and the issuance of any of the Bonds.

EXCEPT AS PROVIDED IN THE NEXT SENTENCE, THE OBLIGATIONS OF THE CITY TO TRANSFER TIF REVENUES TO THE TRUSTEE FOR THE REPAYMENT OF THE BONDS TERMINATES ON NOVEMBER 20, 2028, WHETHER OR NOT THE PRINCIPAL AMOUNT OR INTEREST ON THE BONDS HAS BEEN PAID IN FULL. NOTWITHSTANDING THE FOREGOING, THE INDENTURE AND THE CITY'S OBLIGATION TO CONSIDER APPROPRIATIONS OF CITY REVENUES PURSUANT TO THE INDENTURE AND THE OBLIGATION OF THE TDD TO CONSIDER APPROPRIATIONS OF NET TDD SALES TAX REVENUES, RESPECTIVELY, PURSUANT TO THE TDD AGREEMENT, RESPECTIVELY, FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS, SHALL CONTINUE UNTIL THE PAYMENT IN FULL OF THE BONDS AND DISCHARGE OF THE INDENTURE; PROVIDED, HOWEVER, THAT NEITHER THE CITY NOR THE TDD SHALL HAVE ANY LEGAL OBLIGATION TO MAKE ANY SUCH APPROPRIATIONS.

Registration, Transfer and Exchange.

The Trustee is hereby appointed Registrar and as such shall keep a Register at its principal corporate trust office or other designed payment office for the registration and for the transfer of Bonds as provided in the Indenture and in accordance with such reasonable regulations as the Trustee may prescribe. Each Bond when issued shall be registered in the name of the Owner thereof on the Register.

Any Bond may be transferred only upon the Register upon surrender thereof to the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such transfer, the City shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new fully-registered Bond or Bonds of the same series and maturity, of any authorized denomination of a like aggregate principal amount.

Any Bond, upon surrender thereof at the principal corporate trust office of the Trustee, together with an assignment duly executed by the Owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee, may, at the option of the Owner thereof, be exchanged for Bonds of the same maturity, of any denomination or denominations authorized by the Indenture, bearing interest at the same rate, and registered in the name of the Owner.

Every Bond presented or surrendered for transfer or exchange shall (if so required by the Trustee, as Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Trustee, as Registrar, duly executed by the Owner thereof or his attorney or legal representative duly authorized in writing.

In all cases in which Bonds are exchanged or transferred hereunder, the City shall execute and the Trustee shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of the Indenture. All Bonds surrendered in any such exchange or transfer shall forthwith be cancelled by the Trustee.

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 the 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 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 certified 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.

At reasonable times and under reasonable regulations established by the Trustee, the Register may be inspected and copied by the City or the Owners (or a designated representative thereof) of 10% in principal amount of Bonds then Outstanding, such ownership and the authority of any such designated representative shall be evidenced to the satisfaction of the Trustee.

The Person in whose name any Bond is registered on the Register shall be deemed and regarded as the absolute owner of such Bond for all purposes, except as otherwise provided in the Indenture when a Book-Entry System is in effect for the Bonds, 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 his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including the interest thereon, to the extent of the sum or sums so paid.

The Trustee shall not be required (i) to transfer or exchange any Bond during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of such Bond and ending at the close of business on the day of such mailing, or (ii) 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 Bonds and ending at the close of business on the relevant Interest Payment Date therefor.

Creation of Funds; Application of Bond Proceeds and other Moneys.

There are hereby created and ordered to be established in the custody of the Trustee the following special trust funds and accounts with respect to the Bonds, to be designated as follows:

(a) "**Project Fund**" and, within such fund, two separate and segregated trust accounts designated the "**Costs of Issuance Account**" and the "**Refinancing Account**;"

(b) "**Revenue Fund**" and, within such fund, three separate and segregated trust accounts designated as the "**TIF Revenues Account**," the "**TDD Sales Tax Account**," and the "**City Revenues Account**;"

(c) "**Debt Service Fund**" and, within such fund, three separate and segregated trust account designated the "**Bond Payment Account**," the "**Redemption Account**," and the "**Reserve Account**," and

(d) "**Rebate 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 City. The Trustee shall maintain separate funds or accounts as appropriate, for the cash and securities attributable to the Bonds in each fund and account held by the Trustee under the Indenture. Any transfer of cash or securities or earnings thereon from one fund or account to another shall be made to the appropriate fund or account of the Bonds to which such cash or securities are attributed. If, at any time, a payment is made to any fund or account that is less than the amount due and payable to such fund or account, the amount payable shall be credited pro rata to each such separate fund or account, based on the amount owed to each such fund or account.

All moneys deposited with or paid to the Trustee for the funds and accounts held under the Indenture shall be held by the Trustee in trust and shall be applied only in accordance with the provisions of the Indenture, and, until used or applied as herein provided, and except as otherwise provided in the Indenture, shall constitute part of the Trust Estate and be subject to the lien, terms and provisions of the Indenture and shall not be commingled with any other funds of the City except as otherwise provided in the Indenture for investment purposes.

Revenue Fund.

The City shall as soon as practicable (but no later than the 1st Business Day of each month following receipt thereof) transfer all Economic Activity Tax Revenues and all Payments in Lieu of Taxes received by the City to the Trustee for deposit in the TIF Revenues Account of the Revenue Fund.

The TDD has agreed, pursuant to the TDD Agreement, to transfer as soon as practicable (but no later than the 1th day of each month following receipt thereof) all Net TDD Sales Tax revenues to the Trustee for deposit in the TDD Sales Tax Account of the Revenue Fund.

On the 15th day of the month prior to any Interest Payment Date, the Trustee shall notify the City of the amount of the deficiency, if any, taking account amounts on deposit in the Revenue Fund, and the Bond Payment Account of the Debt Service Fund, to pay an installment of principal and/or interest on the Bonds on the next Interest Payment Date or mandatory sinking fund payment date. On or prior to the second Business Day prior to such Interest Payment Date or mandatory sinking fund payment date, the City shall transfer City Revenues in an amount equal to such deficiency, subject to the provisions of the Indenture. Moneys provided to the Trustee by the City constituting City Revenues shall be deposited as and when received by the Trustee into the City Revenues Account of the Revenue Fund.

Moneys in the Revenue Fund shall be held in trust and shall be applied by the Trustee on the 25th day (or if such day is not a Business Day, the immediately preceding Business Day) prior to each Interest Payment Date, except as otherwise provided below, first from the TIF Revenues Account, second from the TDD Sales Tax Account, third, from the Reserve Account, and last, from the City Revenues Account, as follows:

First, transfer to the Rebate Fund, when necessary, an amount sufficient to pay any arbitrage rebate, if any, to the United States of America, owed under Section 148 of the Code, including any costs of calculating the arbitrage rebate, as directed in writing by the City in accordance with the Tax Letter of Instructions;

Second, taking into account amounts on deposit in the Debt Service Fund, transfer to the Bond Payment Account of the Debt Service Fund an amount sufficient to pay the interest due on the Bonds on the next succeeding Interest Payment Date;

Third, transfer to the Bond Payment Account of the Debt Service Fund, taking into account any amounts that may be on deposit in such account, an amount sufficient to pay the principal due on the Bonds by their terms on the next succeeding Interest Payment Date;

Fourth, if the next succeeding Interest Payment Date is May 1, transfer to the Bond Payment Account of the Debt Service Fund an amount sufficient to pay principal due on the Bond by their terms on the second succeeding Interest Payment Date;

Fifth , transfer 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; and

Sixth, transfer to the City, any amount remaining in the City Revenues Account and an amount to be applied as reimbursement to the City for any City Revenues that the Trustee applied to the payment of debt service on the Bonds in any prior payment period.

If the moneys in the Bond Payment Account of the Debt Service Fund are insufficient to pay all scheduled principal of and interest becoming due (by reason of maturity or mandatory sinking fund redemption) on the Bonds on any Interest Payment Date, then such money shall be applied ratably to the payment of interest, according to the amounts due on such installment, to the persons entitled thereto without any discrimination or privilege, then any remaining money shall be applied ratably to the payment of principal of the Bonds, according to the amounts due on such installment, to the persons entitled thereto without any discrimination or privilege. Any unpaid interest shall be compounded semi-annually on each Interest Payment Date.

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 other amounts required to be paid under the Indenture (including payments owed to the City pursuant to paragraph Sixth above), all amounts remaining on deposit in the Revenue Fund (1) consisting of TIF Revenues and City Revenues shall be paid to the City for deposit into appropriate accounts in the Special Allocation Fund and for deposit into general City accounts, respectively, and (2) consisting of Net TDD Sales Tax revenues shall be paid to the TDD.

Notwithstanding anything herein to the contrary, the City shall not declare any Payments in Lieu of Taxes or Economic Activity Tax Revenues to be "surplus funds" or "excess funds" or permit the distribution of such funds as "surplus funds" pursuant to Section 99.820(12) of the TIF Act so long as any Bonds are outstanding hereunder.

Debt Service Fund.

Except as otherwise provided herein, all amounts paid and credited to the accounts of the Debt Service Fund shall be expended solely for the payment of the principal of, premium, if any, and interest on the Bonds as the same mature and become due or upon the redemption thereof.

After 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 fees, charges and expenses of the Trustee and any Paying Agents and any other amounts required to be paid under the Indenture (including payments owed to the City pursuant to paragraph *Sixth* under the caption "Revenue Fund"), all amounts remaining in the accounts of the Debt Service Fund shall be transferred to the City for deposit into the Special Allocation Fund.

Rebate Fund.

There shall be deposited by the Trustee in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All money at any time deposited in the Rebate Fund and any income earned thereon shall be held in trust, to the extent required to pay arbitrage rebate to the federal government of the United States of America, and neither the City nor the Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Indenture and by the Tax Compliance Agreement (which is incorporated herein by reference).

Pursuant to the Tax Compliance Agreement, the Trustee on behalf of the City, shall remit from the Rebate Fund rebate installments and the final rebate payments to the United States. The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to the Indenture and the Tax Compliance Agreement, other than from moneys held in the funds or accounts created under 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 Bonds and payment and satisfaction of any arbitrage rebate, or provision made therefor, shall be withdrawn and released to the City.

Notwithstanding any other provision of the Indenture, including in particular the Indenture, the obligation to remit arbitrage rebate to the United States and to comply with all other requirements of the Indenture and the Tax Compliance Agreement shall survive the defeasance or payment in full of the Bonds.

Moneys to be Held in Trust.

All moneys deposited with or paid to the Trustee for the account of any fund under any provision of the Indenture, and all moneys deposited with or paid to any Paying Agent under any provision of the Indenture, shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the provisions of the Indenture and, until used or applied as herein provided, shall constitute part of the Trust Estate (except for the Rebate Fund) and be subject to the lien of the Indenture. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except for accounting for income on Investment Securities.

Investment of Moneys.

Moneys in all funds and accounts under any provision of the Indenture shall be continuously invested and reinvested by the Trustee in Investment Securities at the written direction of the City given by the Authorized Commission Representative or, if such written directions are not received, then in Investment Securities described in subparagraph (f) of the definition thereof. Moneys on deposit in all funds and accounts may be invested only in Investment Securities which mature or are subject to redemption at the option of the owner thereof prior to the date such funds are expected to be needed. The Trustee may make

investments through its investment division or short-term investment department. After the Trustee shall have notice pursuant to the Indenture of the existence of an Event of Default, the Trustee shall direct the investment of moneys held under the Indenture.

All investments shall constitute a part of the fund or account from which the moneys used to acquire such investments have come. The Trustee shall sell and reduce to cash a sufficient amount of investments in a fund or account whenever the cash balance therein is insufficient to pay the amounts required to be paid therefrom. The Trustee may transfer investments from any fund or account to any other fund or account in lieu of cash when required or permitted by the provisions of the Indenture. In determining the balance in any fund or account, investments shall be valued at the lower of their original cost or their fair market value on the most recent Payment Date, except as otherwise provided in the Indenture. The Trustee shall not be liable for any loss resulting from any investment made in accordance herewith.

Covenant to Request Appropriations.

The City covenants and agrees that the City Administrator, or any other officer at any time charged with the responsibility of formulating budget proposals, is hereby directed to include in the budget proposals submitted to the Board of Aldermen, in any year during which any Bonds are Outstanding, (1) a request or requests for an appropriation of Economic Activity Tax Revenues for transfer to the Trustee for deposit in the Revenue Fund at the times and in the manner provided in the Indenture, and (2) a request or requests for an appropriation of other legally available funds of the City in an amount equal to the principal of and interest on the Bonds during the next Fiscal Year of the City which appropriated amount, or some portion thereof, may be transferred to the Trustee as City Revenues at the times and in the manner provided in the Indenture. Such requests for an annual appropriation shall be made in each Fiscal Year after the issuance of the Bonds so that Payments in Lieu of Taxes, Economic Activity Tax Revenues, Net TDD Sales Tax revenues, and City Revenues to be transferred to the Trustee for deposit in the Revenue Fund during the succeeding Fiscal Year will be available at the time needed for and shall be sufficient, taking into consideration available amounts in the Bond Payment Account of the Debt Service Fund, and the Reserve Account of the Revenue Fund, for the payment of the principal of and interest on the Bonds, as and when the same shall become due.

It is the intention of the City that the decision to appropriate Economic Activity Tax Revenues and other legally available funds of the City shall be made solely by the Board of Aldermen of the City, without any condition precedent or condition subsequent to the consideration and approval thereof by the Board of Aldermen, and not by any other official of the City. The City presently expects to, in each Fiscal Year of the City while the Bonds are Outstanding, appropriate Economic Activity Tax Revenues and other legally available funds of the City so that Payments in Lieu of Taxes, Economic Activity Tax Revenues, and City Revenues to be transferred to the Trustee for deposit in the Revenue Fund during each Fiscal Year will be available at the time needed for and shall be sufficient, taking into consideration available amounts in the Debt Service Fund, the Bond Payment Account of the Debt Service Fund, the Reserve Account of the Revenue Fund, and amounts transferred to the Trustee for deposit into the Revenue Fund from Net TDD Sales Tax revenues, for the payment of the principal of and interest on the Bonds, as and when the same shall become due. The City shall furnish the Trustee with copies of its annual budget and a certificate stating whether it has appropriated Economic Activity Tax Revenues and other legally available funds of the City for such Fiscal Year promptly after the budget is adopted and in no event later than January 15 of each year.

Events of Default.

If any one or more of the following events occur, it is hereby defined as and declared to be and to constitute an "**Event of Default**":

(a) Default in the performance or observance of any of the covenants, agreements or conditions on the part of the City in the Indenture or in the Bonds contained, and the continuance thereof for a period of 30 days after written notice thereof has been given (i) to the City by the

Trustee, or (ii) to the Trustee (which notice of default the Trustee shall be required to accept) and the City by the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding; provided, however, if any default is such that it cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the City within such period and diligently pursued until the default is corrected; or

(b) The filing by the City of a voluntary petition in bankruptcy, or failure by the City to promptly lift any execution, garnishment or attachment of such consequence as would impair the ability of the City to carry on its operation, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of federal bankruptcy law, or under any similar acts which may hereafter be enacted.

(c) The failure to pay the principal of, redemption premium, if any, or interest on the Bonds when due.

The Trustee shall give written notice of any Event of Default to the City as promptly as practicable after the occurrence of an Event of Default of which the Trustee has notice as provided in the Indenture.

Acceleration.

If an Event of Default has occurred and is continuing, the Trustee may, and shall upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, by notice in writing delivered to the City, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable.

In case of any rescission pursuant to the Indenture, the Trustee, the City and the Owners shall be restored to their former positions and rights hereunder respectively, but no such rescission shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

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 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:

(i) there is deposited with the Trustee a sum sufficient to pay:

(A) all overdue installments of interest on all Bonds;

(B) 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 or rates prescribed therefor in such Bonds; and

(C) 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

(ii) 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.

If an Event of Default has occurred and is continuing, the Trustee may pursue any available remedy at law or equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of and interest on the Bonds then Outstanding, and to enforce and compel the performance of the duties and obligations of the City as herein set forth.

If an Event of Default has occurred and is continuing, and if requested so to do by the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding and indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, deems most expedient in the interests of the Owners; provided, however, that the Trustee shall not be required to take any action which in its good faith conclusion could result in personal liability to it.

All rights of action under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owner, and any recovery or judgment shall, subject to certain provisions of the Indenture, be for the equal benefit of all the Owners of the Outstanding Bonds.

Limitation on Exercise of Remedies by Owners.

No Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust hereunder or for the appointment of a receiver or any other remedy hereunder, unless:

(a) a default has occurred of which the Trustee has notice as provided in the Indenture; and

(b) such default has become an Event of Default, and

(c) the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee, shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, and shall have provided to the Trustee indemnity as provided in the Indenture; and

(d) the Trustee shall thereafter fail or refuse to exercise the powers herein granted or to institute such action, suit or proceeding in its own name;

and such notification, request and indemnity are hereby declared in every case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy hereunder, it being understood and intended that no one or more Owners shall have any right in any manner whatsoever to affect, disturb or prejudice the Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Owners of all Bonds then Outstanding. Nothing in the Indenture, however, shall affect or impair the right of any Owner to payment of the principal of and interest on any Bond at and after its maturity or the obligation of the City to

pay the principal of and interest on each of the Bonds to the respective Owners thereof at the time, place, from the source and in the manner herein and in such Bond expressed.

Right of Owners to Direct Proceedings.

Any other provision herein to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture, and provided, further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith determines that the proceeding so directed would involve it in personal liability or the Trustee has not been indemnified as provided in the Indenture.

Application of Moneys in Event of Default.

Upon an Event of Default, all moneys held or received by the Trustee pursuant to the Indenture pursuant to any right given or action taken under the Indenture shall, after payment of the reasonable fees, costs, advances and expenses of the Trustee and the proceedings resulting in the collection of such moneys (including without limitation attorneys' fees and expenses), be deposited in the Debt Service Fund. All moneys in the Debt Service Fund and the Project Fund shall be applied as follows:

(a) If the principal of all the Bonds has not become or has not been declared due and payable, all such moneys shall be applied:

(1) *First* – To the payment to the Owners entitled thereto of all installments of interest then due and payable on the Bonds, in the order in which such installments of interest became due and payable, with interest thereon at the rate or rates specified in the respective Bonds to the extent permitted by law, and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege.

(2) *Second* – To the payment to the Owners entitled thereto of the unpaid principal of any of the Bonds that have become due and payable (other than Bonds called for redemption for the payment of which moneys or securities are held pursuant to the Indenture), in the order of their due dates, and, if the amount available is not sufficient to pay in full such principal due on any particular date, together with such interest, then to the payment ratably, according to the amounts of principal due on such date, to the Persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds has become due or has been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid on all of the Bonds, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discrimination or privilege;

(c) If the principal of all the Bonds has been declared due and payable, and if such declaration thereafter is rescinded and annulled under the provisions of the Indenture, then, subject to the provisions of subsection (b) above in the event that the principal of all the Bonds shall later

become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) above.

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

Whenever all of the Bonds and interest thereon have been paid under the Indenture, and all fees, expenses and charges of the Trustee have been paid, any balance remaining in the funds created pursuant to the Indenture shall be paid to the City for deposit in the Special Allocation Fund.

Remedies Cumulative.

No remedy conferred by the Indenture upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Owners hereunder or now or hereafter existing at law or in equity or by statute.

Waivers of Events of Default.

The Trustee shall waive any Event of Default and its consequences and rescind any acceleration of maturity of principal upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, 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.

In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default have been discontinued or abandoned or determined adversely, then and in every such case the City, the Trustee and the Owners shall be restored to their former positions, rights and obligations hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Notwithstanding anything otherwise provided herein, the Trustee shall not be required to waive any Event of Default involving failure to the pay the fees, costs, charges and expenses of the Trustee.

Satisfaction and Discharge of the Indenture.

When the principal of and interest on all the Bonds have been paid in accordance with their terms or provision has been made for such payment, as provided in the Indenture, and provision also is made for paying all other sums payable hereunder, including the fees and expenses of the Trustee and the Paying Agent to the date of payment of the Bonds, then the right, title and interest of the Trustee under the Indenture shall thereupon cease, determine and be void, and thereupon the Trustee shall, upon receipt by the Trustee of an Opinion of Counsel stating that all conditions precedent to the satisfaction and discharge of the Indenture have been complied with, cancel, discharge and release the Indenture and shall execute, acknowledge and deliver to the City such instruments of satisfaction and discharge or release as shall be reasonably requested to evidence such release and the satisfaction and discharge of the Indenture, and shall assign and deliver to the City any property at the time subject to the Indenture which may then be in the Trustee's possession, except amounts in the Debt Service Fund required to be paid to the City under the Indenture and except funds or

securities in which such moneys are invested and held by the Trustee for the payment of the principal of and interest on the Bonds.

The City is hereby authorized to accept a certificate of the Trustee stating that the whole amount of the principal and interest so due and payable upon all of the Bonds then Outstanding has been paid or provision for such payment has been made in accordance with the Indenture as evidence of satisfaction of the Indenture, and upon receipt thereof the City shall cancel and erase the inscription of the Indenture from its records.

Bonds Deemed to Be Paid.

Bonds shall be deemed to be paid within the meaning of the Indenture when payment of the principal on such Bonds, plus premium, if any, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the Indenture, or otherwise), either (1) has been made or caused to be made in accordance with the terms of the Indenture, or (2) provision therefor has been made by depositing with the Trustee, in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment or (ii) non-callable Government Securities maturing as to principal and interest in such amount and at such times as will ensure the availability of sufficient moneys to make such payment and the Trustee shall have received an opinion of Bond Counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that such deposit will not cause the interest on such Bonds to be included in gross income for purposes of federal income taxation and that all conditions precedent to the satisfaction of the Indenture have been met. At such time as a Bond is deemed to be paid hereunder as aforesaid, such Bond shall no longer be secured by or be entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Government Securities.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to the stated maturities thereof, no deposit under clause (2) of subsection (a) above shall be deemed a payment of such Bonds as aforesaid until, as to all such Bonds which are to be redeemed prior to their respective stated maturities, proper notice of such redemption has been given in accordance with the redemption provisions of the Indenture or irrevocable instructions have been given to the Trustee to give such notice.

Notwithstanding any provision of the Indenture which may be contrary, all moneys or Government Securities set aside and held in trust pursuant to the provisions of the Indenture for the payment of Bonds and interest thereon shall be applied to and be used solely for the payment of the particular Bonds and interest thereon with respect to which such moneys and Government Securities have been so set aside in trust.

If the interest earnings on money or Government Securities are necessary to provide for the payment of the Bonds under the Indenture, the Trustee shall receive a verification report of a firm of independent certified public accountants that the moneys and Government Securities deposited with the Trustee are sufficient to pay when due the principal or redemption price, if any, and interest on the Bonds on or prior to the applicable redemption or maturity date.

Supplemental Indentures Not Requiring Consent of Owners.

The City and the Trustee may from time to time, without the consent of or notice to any of the Owners, enter into such Supplemental Indenture or Supplemental Indentures as are not inconsistent with the terms and provisions of the Indenture, for any one or more of the following proposes:

(a) to cure any ambiguity or formal defect or omission in the Indenture or to release property from the Trust Estate which was included by reason of an error or other mistake;

(b) to grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners or the Trustee or either of them;

(c) to subject to the Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement the Indenture or any indenture supplemental hereto in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or any similar federal statute hereafter in effect, or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States;

(e) to provide for the refunding of any Bonds in accordance with the terms of the Indenture;

(f) to evidence the appointment of a separate trustee or the succession of a new trustee hereunder;

(g) to modify or eliminate any of the terms of the Indenture; provided, however, that:

(1) such Supplemental Indenture shall expressly provide that any such modifications or eliminations shall become effective only when there is no Bond Outstanding of any series issued prior to the execution of such Supplemental Indenture; and

(2) the Trustee may, in its discretion, decline to enter into any such Supplemental Indenture which, in its opinion, may not afford adequate protection to the Trustee when the same becomes operative;

(h) to make any other change which, in the sole judgment of the Trustee, does not materially adversely affect the security of the Owners. In exercising such judgment the Trustee may rely on an Opinion of Counsel.

Supplemental Indentures Requiring Consent of Owners.

In addition to Supplemental Indentures permitted by the Indenture and subject to the terms and provisions described below, and not otherwise, with the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, the City and the Trustee may from time to time enter into such other Supplemental Indenture or Supplemental Indentures as shall be deemed necessary and desirable by the City and the Trustee for the purpose of modifying, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing in this section contained shall permit or be construed as permitting:

(a) an extension of the maturity of the principal of or the scheduled date of payment of interest on any Bond;

(b) a reduction in the principal amount, redemption premium or any interest payable on any Bond;

(c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds;

(d) a reduction in the aggregate principal amount of Bonds the Owners of which are required for consent to any such Supplemental Indenture; or

(e) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee.

If at any time the City requests the Trustee to enter into any such Supplemental Indenture for any of the purposes of the Indenture, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be mailed by first-class mail to each Owner. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners. If within 60 days or such longer period as shall be prescribed by the City following the mailing of such notice, the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in the Indenture permitted and provided, the Indenture shall be and be deemed to be modified and amended in accordance therewith.

* * * * * * * *

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

April 26, 2018

City of Harrisonville, Missouri
Harrisonville, Missouri

Security Bank of Kansas City, as Trustee
Kansas City, Kansas

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

Re: $5,580,000 aggregate principal amount of Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2018

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of the above-referenced bonds (the "Bonds") by the City of Harrisonville, Missouri (the "City"). The Bonds are being issued pursuant to a Trust Indenture, dated as of April 1, 2018 (the "Trust Indenture"), between the City and Security Bank of Kansas City, as trustee (the "Trustee"). The Bonds have been authorized and issued under and pursuant to the laws of the State of Missouri (the "State") and the Trust Indenture for the purpose of providing funds to refinance the Project (as defined in the Trust Indenture).

We have examined a transcript of proceedings relating to the authorization and issuance of the Bonds, which transcript includes, among other documents and proceedings, the following (the "Documents"):

(i) the Trust Indenture;

(ii) the TDD Agreement; and

(iii) such other documents as we have deemed relevant and necessary as a basis for the opinions set forth herein.

We have also examined the Constitution and statutes of the State, insofar as the same relate to the authorization and issuance of the Certificates and the authorization, execution and delivery of the Documents and a specimen Bond of the issue so authorized.

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

1. The Bonds have been duly authorized, executed and delivered by the City and are valid and legally binding special obligations of the City, payable solely from the Trust Estate as provided in the Trust Indenture. The Bonds do not constitute general obligations of the City nor do they constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds.

2. The Ordinance authorizing the issuance of the Bonds and the execution and delivery of the documents in connection therewith has been duly adopted by the City and the Documents constitute the valid and legally binding obligations of the City enforceable against the City.

3. The interest on the Bonds is excludable from gross income for federal and Missouri income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinions set forth in this paragraph are subject to the condition that the City comply with all of the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), including the regulations and rulings issued thereunder by the United Stated Department of the Treasury, that must be satisfied subsequent to the issuance of the Bonds in order to preserve the exclusion of interest on the Bonds from gross income for federal and Missouri income tax purposes. The City has covenanted to comply with all of these requirements and any failure by the City to comply with such requirements may cause the interest on the Bonds to be included in gross income for federal and Missouri income tax purposes retroactively to the date of issuance of the Bonds. The Bonds have not been designated as "qualified tax-exempt obligations" (as such term is defined in Section 265(b)(3) of the Code).

The rights of the owners of the Bonds and the enforceability of the Bonds and the Ordinance may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

The opinions set forth above are based on existing law, and we do not undertake to advise you of matter which may come to our attention subsequent to the date hereof and which may affect the legal opinions expressed herein.

Sincerely yours,

BRYAN CAVE LEIGHTON PAISNER LLP

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

(THIS PAGE INTENTIONALLY LEFT BLANK)

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of April 1, 2018 (the "**Continuing Disclosure Agreement**"), is executed and delivered by the **CITY OF HARRISONVILLE, MISSOURI** (the "**City**"), and **SECURITY BANK OF KANSAS CITY**, a state banking corporation, as dissemination agent (the "**Dissemination Agent**").

RECITALS

1. This Continuing Disclosure Agreement is executed and delivered in connection with the issuance by the City of its $5,580,000 aggregate principal amount of Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2018 (the "**Bonds**"), pursuant to a Trust Indenture, dated as of April 1, 2018 (the "**Bond Indenture**"), between the City and Security Bank of Kansas City, as trustee (the "**Bond Trustee**").

2. The City and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Bonds. The City is entering into this Continuing Disclosure Agreement in order to assist the Participating Underwriter in complying with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The City is the only "obligated person" with responsibility for continuing disclosure hereunder.

In consideration of the mutual covenants and agreements herein, the City and the Dissemination Agent covenant and agree as follows:

Section 1. Definitions. In addition to the definitions set forth elsewhere in this Continuing Disclosure Agreement and in the Bond Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this **Section**, the following capitalized terms shall have the following meanings:

"**Annual Report**" means, collectively, the City Annual Report and the City Financial Statements.

"**Annual Report Date**" means June 30th of each year (or, if the City's Fiscal Year should change, not later than the last day of the calendar month containing the 180th day following the end of the City's Fiscal Year), commencing June 30, 2018.

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

"**City Annual Report**" means a document or set of documents, in substantially the form attached as **Exhibit B** hereto, which contains updates (as of December 31 of each year) to the following information:

(a) the amount deposited into the following accounts of the Revenue Fund since the last City Annual Report:

(i) the TIF Revenues Account;

(ii) the TDD Sales Tax Account;

(iii) the City Revenues Account; and

(iv) any other amounts deposited to the Revenue Account;

(b) the principal amount of Bonds redeemed (whether by optional redemption, special redemption or on maturity) since the last City Annual Report;

(c) the aggregate principal amount of Bonds redeemed since the date of issuance of the Bonds and the outstanding principal amount of the Bonds;

(d) a list of the businesses located in the Redevelopment Area which remitted sales taxes for retail sales within the Redevelopment Area during the last Annual Reporting Period and were open for business as of December 31 of the most recently ended Annual Reporting Period; and

(e) a table showing the assessed valuation of each parcel of the real property within the Redevelopment Area for the most recently ended Annual Reporting Period.

"**City Financial Statements**" means the audited financial statements of the City for the prior Fiscal Year, prepared in accordance with accounting principles generally accepted in the United States of America.

"**Dissemination Agent**" means Security Bank of Kansas City, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City.

"**EMMA**" means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

"**Fiscal Year**" means the 12-month period beginning on January 1 and ending on December 31 of each calendar year or any other 12-month period selected by the City as the Fiscal Year of the City for financial reporting purposes.

"**Listed Events**" means any of the events listed in **Section 3(a)** of this Continuing Disclosure Agreement.

"**MSRB**" means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

"**Official Statement**" means the Official Statement dated April 16, 2018 related to the Bonds.

"**Participating Underwriter**" means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"**Rule**" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Provision of Annual Reports.

(a) The City shall, not later than the Annual Report Date, file with the MSRB, through EMMA, the following financial information and operating data:

(i) The City Financial Statements.

(ii) The City Annual Report for the preceding Fiscal Year.

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

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this **Section**; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under **Section 3** of this Continuing Disclosure Agreement.

(b) Not later than the date specified in subsection (a) for providing the Annual Report to the MSRB, the City shall either (1) provide the City Annual Report and the City Financial Statements to the Dissemination Agent, with written instructions to file the Annual Report as required by this Continuing Disclosure Agreement, or (2) provide written notice to the Dissemination Agent that the City has filed the Annual Report with the MSRB or will do so prior to the Annual Report Date.

(c) If the Dissemination Agent has not received either the City Annual Report and the City Financial Statements with filing instructions or a written notice from the City that it has filed the City Annual Report and the City Financial Statements with the MSRB by the Annual Report Date, the Dissemination Agent in a timely manner shall send a notice to the MSRB in substantially the form attached as **Exhibit A**.

(d) The Dissemination Agent shall, unless the City has filed the City Annual Report and the City Financial Statements with the MSRB, promptly following receipt of such documents and instructions required in subsection (b) above, file the City Annual Report and the City Financial Statements with the MSRB and file a report with the City certifying that such documents have been filed pursuant to this Continuing Disclosure Agreement and stating the date it was filed with the MSRB.

(e) In addition to the foregoing requirements of this **Section**, the Dissemination Agent agrees to provide copies of the most recent Annual Report to any requesting Beneficial Owner or prospective Beneficial Owner, but only after the same have been delivered to the MSRB.

Section 3. Reporting of Listed Events.

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

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) modifications to rights of bondholders, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the City;

(13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Listed Event, contact the City Administrator, or his or her designee, or such other person as the City shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d). If in response to a request under this subsection (b), the City determines that the event does not constitute a Listed Event, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent whether or not to report the occurrence pursuant to subsection (d).

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the City shall promptly notify and instruct the Dissemination Agent in writing to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent receives written instructions from the City to report the occurrence of a Listed Event, the Dissemination Agent shall promptly file a notice of such occurrence to the MSRB, with a copy to the City. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the registered owners of affected Bonds pursuant to the Bond Indenture.

Section 4. Termination of Reporting Obligation. The City's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the obligations of the City under this Continuing Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Agreement in the same manner as if it were the City and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the City shall give notice of such termination or substitution in the same manner as for a Listed Event under **Section 3** of this Continuing Disclosure Agreement.

Section 5. Dissemination Agents. The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor dissemination agent. The Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the City. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including, without limitation, the Annual Report) prepared by the City pursuant to this Continuing Disclosure Agreement. The initial Dissemination Agent is Security Bank of Kansas City.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the City and the Dissemination Agent may amend this Continuing Disclosure Agreement and any provision of this Continuing Disclosure Agreement may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the City and the Dissemination Agent with its written opinion that the agreement of the City and the Dissemination Agent contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Agreement.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the City shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Listed Event under **Section 3** of this Continuing Disclosure Agreement, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the City shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Semi-Annual Report, Annual Report or notice of occurrence of a Listed Event.

Section 8. Default. If the City or the Dissemination Agent fails to comply with any provision of this Continuing Disclosure Agreement, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an event of default under the Bond Indenture or the Bonds, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with this Continuing Disclosure Agreement shall be an action to compel performance.

Section 9. Duties and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and, to the extent permitted by law, the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in

the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability as it relates to the City, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this **Section** shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The fees, charges and expenses of the Dissemination Agent in connection with its administration of this Continuing Disclosure Agreement shall be paid in the same manner as the fees and expenses of the trustee as provided in the Bond Indenture.

Section 10. Notices. Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given by registered or certified mail, return receipt requested, or by confirmed facsimile, or delivered in person or by overnight courier, and will be deemed given on the second day following the date on which the notice or communication is so mailed, as follows:

To the City:	City of Harrisonville, Missouri 300 East Pearl Harrisonville, Missouri 64701 Attention: City Administrator Facsimile: (816) 860-8906
To the Dissemination Agent:	Security Bank of Kansas City 701 Minnesota Avenue, Suite 206 Kansas City, Kanas 66101 Attention: Corporate Trust Department Facsimile: (913) 279-7960

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 11. Beneficiaries. Subject to the limitation on remedies contained in **Section 9** of this Continuing Disclosure Agreement, this Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. Severability. If any provision in this Continuing Disclosure Agreement 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 13. Counterparts. This Continuing Disclosure 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 14. Electronic Transactions. The arrangement described herein may be conducted and related documents may be stored, sent or received by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

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

(*Remainder of this page intentionally left blank*)

IN WITNESS WHEREOF, the City and the Dissemination Agent have caused this Continuing Disclosure Agreement to be executed as of the day and year first above written.

CITY OF HARRISONVILLE, MISSOURI

By:_____
Mayor

[SEAL]

ATTEST:

By:_____
City Clerk

SECURITY BANK OF KANSAS CITY, as
Dissemination Agent

By:_____
Title:_____

EXHIBIT A

NOTICE OF FAILURE TO FILE CITY ANNUAL REPORT

Name of Bond Issuer:	City of Harrisonville, Missouri
Name of Bond Issue:	$5,580,000 Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project0 Series 2018
Name of Obligated Person:	City of Harrisonville, Missouri (the "City")
Date of Issuance:	April 26, 2018

NOTICE IS HEREBY GIVEN that the City has not filed a City Annual Report with respect to the above-named bonds as required by the Continuing Disclosure Agreement, dated as of April 1, 2018, among the City and Security Bank of Kansas City, as Dissemination Agent. The City has informed the Dissemination Agent that the City anticipates that the City Annual Report will be filed by _____.

Dated: _____ ___, _____

SECURITY BANK OF KANSAS CITY, as
Dissemination Agent, on behalf of the City

cc: City of Harrisonville, Missouri

EXHIBIT B

FORM OF CITY ANNUAL REPORT

This report is prepared and delivered pursuant to the Continuing Disclosure Agreement, dated as of April 1, 2018, among the City of Harrisonville, Missouri and Security Bank of Kansas City, as Dissemination Agent.

Annual Reporting Period From January 1 to December 31, 20__

1. The following amounts have been deposited into the following accounts of the Revenue Fund during the Annual Reporting Period set forth above:

(i)	TIF Revenues Account	$_____
(ii)	TDD Sales Tax Account	$_____
(iii)	City Revenues Account	$_____
(ii)	any other amounts deposited to the Revenue Account	$_____

2. The principal amount of Bonds redeemed since the last City Annual Report is $_____.

3. The principal amount of Bonds redeemed since the date of issuance of the Bonds is $_____, and the outstanding principal amount of the Bonds is $_____ as of the end of the Annual Reporting Period set forth above.

4. Attached hereto is a list of the businesses located in the Redevelopment Area which remitted sales taxes for retail sales within the Redevelopment Area during the last Annual Reporting Period and were open for business as of December 31 of the most recently ended Annual Reporting Period.

5. Attached hereto is a table showing the assessed valuation of each parcel of the real property within the Redevelopment Area for the most recently ended Annual Reporting Period.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District 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 **Registered**
No. R-1 **$400,000**

CITY OF HARRISONVILLE , MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT AND SALES TAX REFUNDING REVENUE BOND
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

Dated Date	Maturity Date:	Interest Rate	CUSIP No.
April 26, 2018	November 1, 2018	2.000%	415745AM0

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **FOUR HUNDRED THOUSAND DOLLARS**

THE CITY OF HARRISONVILLE, MISSOURI, a city of the fourth class and political subdivision duly organized and existing under the laws of the State of Missouri (the "City"), for value received, hereby promises to pay to the registered owner shown above, or registered assigns, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon from the Dated Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the Rate of Interest per annum shown above. Interest shall be payable on each May 1 and November 1, commencing November 1, 2018 (each, an "Interest Payment Date"). Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

Except as otherwise provided herein, the capitalized terms herein shall have the meanings as provided in the Indenture (as hereinafter defined).

The principal of this Bond shall be paid at maturity or upon earlier redemption to the Person in whose name this Bond is registered on the Register at the maturity or redemption date thereof. The interest payable on this Bond on any Payment Date shall be paid by Security Bank of Kansas City, Kansas City, Kansas (the "Trustee") to the person in whose name this Bond is registered on the Register at the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Payment Date. Such interest shall be payable (a) by check or draft mailed by the Trustee to the address of such registered Owner shown on the Register or (b) by electronic transfer to such Owner upon written notice delivered to the Trustee not less than 15 days prior to the applicable Record Date and signed by such Owner containing electronic transfer instructions including the name of the bank, ABA routing number, and account name and account number to which such Owner wishes to have such transfer directed, together with an acknowledgement that an electronic transfer fee may be applicable. The principal or redemption price of and interest on the Bonds shall be payable by check or draft in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

SPECIMEN

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District 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 **Registered**
No. R-2 **$460,000**

CITY OF HARRISONVILLE , MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT
AND SALES TAX REFUNDING REVENUE BOND
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

Dated Date	Maturity Date:	Interest Rate	CUSIP No.
April 26, 2018	November 1, 2019	3.000%	415745AN8

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **FOUR HUNDRED SIXTY THOUSAND DOLLARS**

THE CITY OF HARRISONVILLE, MISSOURI, a city of the fourth class and political subdivision duly organized and existing under the laws of the State of Missouri (the "City"), for value received, hereby promises to pay to the registered owner shown above, or registered assigns, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon from the Dated Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the Rate of Interest per annum shown above. Interest shall be payable on each May 1 and November 1, commencing November 1, 2018 (each, an "Interest Payment Date"). Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

Except as otherwise provided herein, the capitalized terms herein shall have the meanings as provided in the Indenture (as hereinafter defined).

The principal of this Bond shall be paid at maturity or upon earlier redemption to the Person in whose name this Bond is registered on the Register at the maturity or redemption date thereof. The interest payable on this Bond on any Payment Date shall be paid by Security Bank of Kansas City, Kansas City, Kansas (the "Trustee") to the person in whose name this Bond is registered on the Register at the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Payment Date. Such interest shall be payable (a) by check or draft mailed by the Trustee to the address of such registered Owner shown on the Register or (b) by electronic transfer to such Owner upon written notice delivered to the Trustee not less than 15 days prior to the applicable Record Date and signed by such Owner containing electronic transfer instructions including the name of the bank, ABA routing number, and account name and account number to which such Owner wishes to have such transfer directed, together with an acknowledgement that an electronic transfer fee may be applicable. The principal or redemption price of and interest on the Bonds shall be payable by check or draft in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

SPECIMEN

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District 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 **Registered**
No. R-3 **$470,000**

CITY OF HARRISONVILLE , MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT
AND SALES TAX REFUNDING REVENUE BOND
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

Dated Date	Maturity Date:	Interest Rate	CUSIP No.
April 26, 2018	November 1, 2020	3.000%	415745AP3

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **FOUR HUNDRED SEVENTY THOUSAND DOLLARS**

THE CITY OF HARRISONVILLE, MISSOURI, a city of the fourth class and political subdivision duly organized and existing under the laws of the State of Missouri (the "City"), for value received, hereby promises to pay to the registered owner shown above, or registered assigns, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon from the Dated Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the Rate of Interest per annum shown above. Interest shall be payable on each May 1 and November 1, commencing November 1, 2018 (each, an "Interest Payment Date"). Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

Except as otherwise provided herein, the capitalized terms herein shall have the meanings as provided in the Indenture (as hereinafter defined).

The principal of this Bond shall be paid at maturity or upon earlier redemption to the Person in whose name this Bond is registered on the Register at the maturity or redemption date thereof. The interest payable on this Bond on any Payment Date shall be paid by Security Bank of Kansas City, Kansas City, Kansas (the "Trustee") to the person in whose name this Bond is registered on the Register at the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Payment Date. Such interest shall be payable (a) by check or draft mailed by the Trustee to the address of such registered Owner shown on the Register or (b) by electronic transfer to such Owner upon written notice delivered to the Trustee not less than 15 days prior to the applicable Record Date and signed by such Owner containing electronic transfer instructions including the name of the bank, ABA routing number, and account name and account number to which such Owner wishes to have such transfer directed, together with an acknowledgement that an electronic transfer fee may be applicable. The principal or redemption price of and interest on the Bonds shall be payable by check or draft in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

SPECIMEN

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District 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 **Registered**
No. R-4 **$485,000**

CITY OF HARRISONVILLE , MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT
AND SALES TAX REFUNDING REVENUE BOND
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

Dated Date	Maturity Date:	Interest Rate	CUSIP No.
April 26, 2018	November 1, 2021	3.000%	415745AQ1

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **FOUR HUNDRED EIGHTY-FIVE THOUSAND DOLLARS**

THE CITY OF HARRISONVILLE, MISSOURI, a city of the fourth class and political subdivision duly organized and existing under the laws of the State of Missouri (the "City"), for value received, hereby promises to pay to the registered owner shown above, or registered assigns, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon from the Dated Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the Rate of Interest per annum shown above. Interest shall be payable on each May 1 and November 1, commencing November 1, 2018 (each, an "Interest Payment Date"). Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

Except as otherwise provided herein, the capitalized terms herein shall have the meanings as provided in the Indenture (as hereinafter defined).

The principal of this Bond shall be paid at maturity or upon earlier redemption to the Person in whose name this Bond is registered on the Register at the maturity or redemption date thereof. The interest payable on this Bond on any Payment Date shall be paid by Security Bank of Kansas City, Kansas City, Kansas (the "Trustee") to the person in whose name this Bond is registered on the Register at the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Payment Date. Such interest shall be payable (a) by check or draft mailed by the Trustee to the address of such registered Owner shown on the Register or (b) by electronic transfer to such Owner upon written notice delivered to the Trustee not less than 15 days prior to the applicable Record Date and signed by such Owner containing electronic transfer instructions including the name of the bank, ABA routing number, and account name and account number to which such Owner wishes to have such transfer directed, together with an acknowledgement that an electronic transfer fee may be applicable. The principal or redemption price of and interest on the Bonds shall be payable by check or draft in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

SPECIMEN

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District 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 **Registered**
No. R-5 **$500,000**

CITY OF HARRISONVILLE , MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT AND SALES TAX REFUNDING REVENUE BOND
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

Dated Date	Maturity Date:	Interest Rate	CUSIP No.
April 26, 2018	November 1, 2022	3.000%	415745AR9

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **FIVE HUNDRED THOUSAND DOLLARS**

THE CITY OF HARRISONVILLE, MISSOURI, a city of the fourth class and political subdivision duly organized and existing under the laws of the State of Missouri (the "City"), for value received, hereby promises to pay to the registered owner shown above, or registered assigns, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon from the Dated Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the Rate of Interest per annum shown above. Interest shall be payable on each May 1 and November 1, commencing November 1, 2018 (each, an "Interest Payment Date"). Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

Except as otherwise provided herein, the capitalized terms herein shall have the meanings as provided in the Indenture (as hereinafter defined).

The principal of this Bond shall be paid at maturity or upon earlier redemption to the Person in whose name this Bond is registered on the Register at the maturity or redemption date thereof. The interest payable on this Bond on any Payment Date shall be paid by Security Bank of Kansas City, Kansas City, Kansas (the "Trustee") to the person in whose name this Bond is registered on the Register at the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Payment Date. Such interest shall be payable (a) by check or draft mailed by the Trustee to the address of such registered Owner shown on the Register or (b) by electronic transfer to such Owner upon written notice delivered to the Trustee not less than 15 days prior to the applicable Record Date and signed by such Owner containing electronic transfer instructions including the name of the bank, ABA routing number, and account name and account number to which such Owner wishes to have such transfer directed, together with an acknowledgement that an electronic transfer fee may be applicable. The principal or redemption price of and interest on the Bonds shall be payable by check or draft in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

SPECIMEN

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District 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 **Registered**
No. R-6 **$515,000**

CITY OF HARRISONVILLE , MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT
AND SALES TAX REFUNDING REVENUE BOND
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

Dated Date	Maturity Date:	Interest Rate	CUSIP No.
April 26, 2018	November 1, 2023	3.000%	415745AS7

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **FIVE HUNDRED FIFTEEN THOUSAND DOLLARS**

THE CITY OF HARRISONVILLE, MISSOURI, a city of the fourth class and political subdivision duly organized and existing under the laws of the State of Missouri (the "City"), for value received, hereby promises to pay to the registered owner shown above, or registered assigns, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon from the Dated Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the Rate of Interest per annum shown above. Interest shall be payable on each May 1 and November 1, commencing November 1, 2018 (each, an "Interest Payment Date"). Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

Except as otherwise provided herein, the capitalized terms herein shall have the meanings as provided in the Indenture (as hereinafter defined).

The principal of this Bond shall be paid at maturity or upon earlier redemption to the Person in whose name this Bond is registered on the Register at the maturity or redemption date thereof. The interest payable on this Bond on any Payment Date shall be paid by Security Bank of Kansas City, Kansas City, Kansas (the "Trustee") to the person in whose name this Bond is registered on the Register at the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Payment Date. Such interest shall be payable (a) by check or draft mailed by the Trustee to the address of such registered Owner shown on the Register or (b) by electronic transfer to such Owner upon written notice delivered to the Trustee not less than 15 days prior to the applicable Record Date and signed by such Owner containing electronic transfer instructions including the name of the bank, ABA routing number, and account name and account number to which such Owner wishes to have such transfer directed, together with an acknowledgement that an electronic transfer fee may be applicable. The principal or redemption price of and interest on the Bonds shall be payable by check or draft in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

SPECIMEN

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District 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 **Registered**
No. R-7 **$500,000**

CITY OF HARRISONVILLE , MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT
AND SALES TAX REFUNDING REVENUE BOND
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

Dated Date	Maturity Date:	Interest Rate	CUSIP No.
April 26, 2018	November 1, 2024	3.000%	415745AT5

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **FIVE HUNDRED THOUSAND DOLLARS**

THE CITY OF HARRISONVILLE, MISSOURI, a city of the fourth class and political subdivision duly organized and existing under the laws of the State of Missouri (the "City"), for value received, hereby promises to pay to the registered owner shown above, or registered assigns, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon from the Dated Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the Rate of Interest per annum shown above. Interest shall be payable on each May 1 and November 1, commencing November 1, 2018 (each, an "Interest Payment Date"). Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

Except as otherwise provided herein, the capitalized terms herein shall have the meanings as provided in the Indenture (as hereinafter defined).

The principal of this Bond shall be paid at maturity or upon earlier redemption to the Person in whose name this Bond is registered on the Register at the maturity or redemption date thereof. The interest payable on this Bond on any Payment Date shall be paid by Security Bank of Kansas City, Kansas City, Kansas (the "Trustee") to the person in whose name this Bond is registered on the Register at the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Payment Date. Such interest shall be payable (a) by check or draft mailed by the Trustee to the address of such registered Owner shown on the Register or (b) by electronic transfer to such Owner upon written notice delivered to the Trustee not less than 15 days prior to the applicable Record Date and signed by such Owner containing electronic transfer instructions including the name of the bank, ABA routing number, and account name and account number to which such Owner wishes to have such transfer directed, together with an acknowledgement that an electronic transfer fee may be applicable. The principal or redemption price of and interest on the Bonds shall be payable by check or draft in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

SPECIMEN

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District 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 **Registered**
No. R-8 **$540,000**

CITY OF HARRISONVILLE , MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT AND SALES TAX REFUNDING REVENUE BOND
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

Dated Date	Maturity Date:	Interest Rate	CUSIP No.
April 26, 2018	November 1, 2025	2.625%	415745AU2

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **FIVE HUNDRED FORTY THOUSAND DOLLARS**

THE CITY OF HARRISONVILLE, MISSOURI, a city of the fourth class and political subdivision duly organized and existing under the laws of the State of Missouri (the "City"), for value received, hereby promises to pay to the registered owner shown above, or registered assigns, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon from the Dated Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the Rate of Interest per annum shown above. Interest shall be payable on each May 1 and November 1, commencing November 1, 2018 (each, an "Interest Payment Date"). Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

Except as otherwise provided herein, the capitalized terms herein shall have the meanings as provided in the Indenture (as hereinafter defined).

The principal of this Bond shall be paid at maturity or upon earlier redemption to the Person in whose name this Bond is registered on the Register at the maturity or redemption date thereof. The interest payable on this Bond on any Payment Date shall be paid by Security Bank of Kansas City, Kansas City, Kansas (the "Trustee") to the person in whose name this Bond is registered on the Register at the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Payment Date. Such interest shall be payable (a) by check or draft mailed by the Trustee to the address of such registered Owner shown on the Register or (b) by electronic transfer to such Owner upon written notice delivered to the Trustee not less than 15 days prior to the applicable Record Date and signed by such Owner containing electronic transfer instructions including the name of the bank, ABA routing number, and account name and account number to which such Owner wishes to have such transfer directed, together with an acknowledgement that an electronic transfer fee may be applicable. The principal or redemption price of and interest on the Bonds shall be payable by check or draft in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

SPECIMEN

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District 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 **Registered**
No. R-9 **$555,000**

CITY OF HARRISONVILLE , MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT AND SALES TAX REFUNDING REVENUE BOND
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

Dated Date	Maturity Date:	Interest Rate	CUSIP No.
April 26, 2018	November 1, 2026	2.750%	415745AV0

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **FIVE HUNDRED FIFTY-FIVE THOUSAND DOLLARS**

THE CITY OF HARRISONVILLE, MISSOURI, a city of the fourth class and political subdivision duly organized and existing under the laws of the State of Missouri (the "City"), for value received, hereby promises to pay to the registered owner shown above, or registered assigns, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon from the Dated Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the Rate of Interest per annum shown above. Interest shall be payable on each May 1 and November 1, commencing November 1, 2018 (each, an "Interest Payment Date"). Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

Except as otherwise provided herein, the capitalized terms herein shall have the meanings as provided in the Indenture (as hereinafter defined).

The principal of this Bond shall be paid at maturity or upon earlier redemption to the Person in whose name this Bond is registered on the Register at the maturity or redemption date thereof. The interest payable on this Bond on any Payment Date shall be paid by Security Bank of Kansas City, Kansas City, Kansas (the "Trustee") to the person in whose name this Bond is registered on the Register at the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Payment Date. Such interest shall be payable (a) by check or draft mailed by the Trustee to the address of such registered Owner shown on the Register or (b) by electronic transfer to such Owner upon written notice delivered to the Trustee not less than 15 days prior to the applicable Record Date and signed by such Owner containing electronic transfer instructions including the name of the bank, ABA routing number, and account name and account number to which such Owner wishes to have such transfer directed, together with an acknowledgement that an electronic transfer fee may be applicable. The principal or redemption price of and interest on the Bonds shall be payable by check or draft in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

SPECIMEN

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District 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 **Registered**
No. R-10 **$570,000**

CITY OF HARRISONVILLE , MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT
AND SALES TAX REFUNDING REVENUE BOND
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

Dated Date	Maturity Date:	Interest Rate	CUSIP No.
April 26, 2018	November 1, 2027	3.000%	415745AW8

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **FIVE HUNDRED SEVENTY THOUSAND DOLLARS**

THE CITY OF HARRISONVILLE, MISSOURI, a city of the fourth class and political subdivision duly organized and existing under the laws of the State of Missouri (the "City"), for value received, hereby promises to pay to the registered owner shown above, or registered assigns, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon from the Dated Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the Rate of Interest per annum shown above. Interest shall be payable on each May 1 and November 1, commencing November 1, 2018 (each, an "Interest Payment Date"). Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

Except as otherwise provided herein, the capitalized terms herein shall have the meanings as provided in the Indenture (as hereinafter defined).

The principal of this Bond shall be paid at maturity or upon earlier redemption to the Person in whose name this Bond is registered on the Register at the maturity or redemption date thereof. The interest payable on this Bond on any Payment Date shall be paid by Security Bank of Kansas City, Kansas City, Kansas (the "Trustee") to the person in whose name this Bond is registered on the Register at the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Payment Date. Such interest shall be payable (a) by check or draft mailed by the Trustee to the address of such registered Owner shown on the Register or (b) by electronic transfer to such Owner upon written notice delivered to the Trustee not less than 15 days prior to the applicable Record Date and signed by such Owner containing electronic transfer instructions including the name of the bank, ABA routing number, and account name and account number to which such Owner wishes to have such transfer directed, together with an acknowledgement that an electronic transfer fee may be applicable. The principal or redemption price of and interest on the Bonds shall be payable by check or draft in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

SPECIMEN

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District 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 **Registered**
No. R-11 **$585,000**

CITY OF HARRISONVILLE , MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT
AND SALES TAX REFUNDING REVENUE BOND
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

Dated Date	Maturity Date:	Interest Rate	CUSIP No.
April 26, 2018	November 1, 2028	3.000%	415745AX6

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **FIVE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS**

THE CITY OF HARRISONVILLE, MISSOURI, a city of the fourth class and political subdivision duly organized and existing under the laws of the State of Missouri (the "City"), for value received, hereby promises to pay to the registered owner shown above, or registered assigns, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon from the Dated Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the Rate of Interest per annum shown above. Interest shall be payable on each May 1 and November 1, commencing November 1, 2018 (each, an "Interest Payment Date"). Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

Except as otherwise provided herein, the capitalized terms herein shall have the meanings as provided in the Indenture (as hereinafter defined).

The principal of this Bond shall be paid at maturity or upon earlier redemption to the Person in whose name this Bond is registered on the Register at the maturity or redemption date thereof. The interest payable on this Bond on any Payment Date shall be paid by Security Bank of Kansas City, Kansas City, Kansas (the "Trustee") to the person in whose name this Bond is registered on the Register at the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Payment Date. Such interest shall be payable (a) by check or draft mailed by the Trustee to the address of such registered Owner shown on the Register or (b) by electronic transfer to such Owner upon written notice delivered to the Trustee not less than 15 days prior to the applicable Record Date and signed by such Owner containing electronic transfer instructions including the name of the bank, ABA routing number, and account name and account number to which such Owner wishes to have such transfer directed, together with an acknowledgement that an electronic transfer fee may be applicable. The principal or redemption price of and interest on the Bonds shall be payable by check or draft in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

SPECIMEN

This Bond is one of an authorized series of fully registered Bonds of the City designated "City of Harrisonville, Missouri Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2018," in the aggregate principal amount of $5,580,000 (the "Bonds").

The Bonds are being issued pursuant to a Trust Indenture dated as of April 1, 2018, between the City and the Trustee (the "Indenture"), for the purpose of providing funds to (a) refinance certain notes previously issued by the City, and (b) pay costs of issuance of the Bonds, all under the authority of the City and in full compliance with the Constitution and laws of the State of Missouri, including particularly the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, inclusive, of the Revised Statutes of Missouri, as amended (the "Act").

The Bonds constitute special, limited obligations of the City payable as to principal, premium, if any, and interest solely from the Pledged Revenues and other moneys pledged thereto and held by the Trustee pursuant to the Indenture. The Bonds shall not constitute debts or liabilities of the City, the City, the State of Missouri or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

The Bonds are subject to redemption as follows:

(a) The Bonds are subject to optional redemption by the City in whole or in part at any time on any date on or after November 1, 2025, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the redemption date.

Bonds shall be redeemed only in authorized denominations. When less than all of the Outstanding Bonds are to be redeemed and paid prior to maturity, such Bonds or portions of Bonds to be redeemed shall be selected in authorized denominations by the Trustee in such equitable manner as it may determine.

Unless waived by any Owner of Bonds to be redeemed, official notice of any redemption of any Bond shall be given by the Trustee on behalf of the City by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least 30 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the Register; provided, however, that failure to give such notice by mailing as aforesaid to any Owner or any defect therein as to any particular Bond shall not affect the validity of any proceedings for the redemption of any other Bonds. Notice of redemption having been given as aforesaid, the Bonds or portions of 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 defaults in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest, shall no longer be secured by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture. Any defect in any notice or the failure of any parties to receive any notice of redemption shall not cause any Bond called for redemption to remain Outstanding.

The City, the elected officials, officers and employees of the City and any person executing the Bonds shall not be personally liable for such obligations by reason of the issuance thereof.

The Bonds are issuable in the form of fully registered Bonds without coupons in the denomination of $5,000 or integral multiples of $5,000 in excess thereof.

This Bond shall not be valid or binding on the City or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon has been executed by the Trustee.

SPECIMEN

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

(*Remainder of this page intentionally left blank*)

SPECIMEN

IN WITNESS WHEREOF, CITY OF HARRISONVILLE, MISSOURI has executed this Bond by causing it to be signed 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 hereto or imprinted hereon, and has caused this Bond to be dated as of the Dated Date shown above.

Registration Date: April 26, 2018

CITY OF HARRISONVILLE, MISSOURI

By:_____
Mayor

(Seal)

ATTEST:

By:_____
City Clerk

CERTIFICATE OF AUTHENTICATION

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

SECURITY BANK OF KANSAS CITY, as Trustee

By:_____
Name:_____
Title:_____

SPECIMEN

ASSIGNMENT

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

_____

(Print or Type Name, Address and Social
Security Number or other 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: Signatures must be guaranteed by an eligible guarantor institution as defined by SEC Rule 17Ad-15 (17 CFR 240.17Ad-15 or such other similar rule as Trustee may deem applicable).

SPECIMEN

TAX COMPLIANCE AGREEMENT

dated as of April 1, 2018

between

CITY OF HARRISONVILLE, MISSOURI,

and

SECURITY BANK OF KANSAS CITY,
as Trustee

relating to

$5,580,000
City of Harrisonville, Missouri
Annual Appropriation-Supported Tax Increment
and Sales Tax Refunding Revenue Bonds
(Harrisonville Towne Center Project)
Series 2018

TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS	1
Section 1.1. Definitions of Words and Terms	1
ARTICLE II GENERAL REPRESENTATIONS AND COVENANTS	5
Section 2.1. Representations and Covenants of the Issuer	5
Section 2.2. Representations and Covenants of the Trustee	7
Section 2.3. Survival of Representations and Covenants	8
ARTICLE III ARBITRAGE CERTIFICATIONS AND COVENANTS	8
Section 3.1. General	8
Section 3.2. Reasonable Expectations	8
Section 3.3. Issuer and Purpose for Bonds	8
Section 3.4. Funds and Accounts	8
Section 3.5. Amount and Use of Bond Proceeds and Other Money	8
Section 3.6. Current Refunding	9
Section 3.7. Reserved	9
Section 3.8. Reserved	9
Section 3.9. No Over-Issuance	9
Section 3.10. Sinking Funds	9
Section 3.11. Reserve, Replacement and Pledged Funds	9
Section 3.12. Issue Price and Yield	10
Section 3.13. Miscellaneous Arbitrage Matters	10
Section 3.14. Conclusion	10
ARTICLE IV ARBITRAGE INVESTMENT AND REBATE INSTRUCTIONS	10
Section 4.1. Rebate Covenants	10
Section 4.2. Temporary Periods/Yield Restriction	10
Section 4.3. Fair Market Value	11
Section 4.4. Spending Exceptions	13
Section 4.5. Computation and Payment of Arbitrage Rebate	15
Section 4.6. Records	16
Section 4.7. Filing Requirements	16
Section 4.8. Survival after Defeasance	16
ARTICLE V MISCELLANEOUS PROVISIONS	16
Section 5.1. Term of Tax Agreement	16
Section 5.2. Amendments	16
Section 5.3. Opinion of Bond Counsel	17
Section 5.4. Severability	17
Section 5.5. Benefit of Agreement	17
Section 5.6. Execution in Counterparts	17
Section 5.7. Electronic Transactions	17
Section 5.8. Governing Law	17

Exhibit A - IRS Form 8038-G

TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT, entered into as of April 1, 2018 (this "**Tax Agreement**"), among **CITY OF HARRISONVILLE, MISSOURI**, a fourth class city duly organized and existing under the laws of the State of Missouri (the "**City**") and **SECURITY BANK OF KANSAS CITY**, a state banking corporation organized, as trustee (the "**Trustee**");

RECITALS

1. This Tax Agreement is being executed and delivered in connection with the issuance by the City of $5,580,000 principal amount of Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2018 (the "**Bonds**") under a Trust Indenture, dated as of April 1, 2018 (the "**Indenture**"), between the City and the Trustee for the purpose of providing funds to (i) pay the principal of and interest on the outstanding Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2007 (the "**Series 2007 Bonds**") coming due on or before May 17, 2018 (the "**Redemption Date**"), which were issued to pay the principal of and interest on the Series 2005 Notes (as defined herein), which were issued for the purpose of providing funds to pay the costs certain redevelopment expenses (the "**Project**"), and (ii) pay the costs of issuance incurred in connection with the issuance of the Bonds.

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

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

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

ARTICLE I
DEFINITIONS

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

"**Bona Fide Debt Service Fund**" means a fund, which may include Bond proceeds, that—

(1) is used primarily to achieve a proper matching of revenues with principal and interest payments on the Bonds within each Bond Year; and

(2) 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 Counsel**" means Bryan Cave Leighton Paisner LLP, or other firm of nationally recognized bond counsel acceptable to the City.

"**Bond**" or "**Bonds**" has the meaning set forth in the recitals hereto.

"**Bond Year**" means each one-year period (or shorter period for the first Bond Year) ending November 1.

"**City**" means the City of Harrisonville, Missouri, a fourth class city, together with any successors and assigns.

"**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 City may treat any date as a Computation Date, subject to the following limits: (i) the first Computation Date cannot be later than five years after the Issue Date; (ii) 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 (iii) the date the last Bond is discharged is the final Computation Date.

"**Financed Facilities**" means the Project.

"**Governmental Person**" means a state, a territory, a possession of the United States of America, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States of America or any agency or instrumentality of the United States of America.

"**Gross Proceeds**" means (i) sale proceeds (any amounts actually or constructively received by the City from the sale of the Bonds, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest); (ii) investment proceeds (any amounts received from investing sale proceeds, other investment proceeds, or transferred proceeds); (iii) any transferred proceeds; (iv) any amounts held in a sinking fund for the Bonds; (v) any amounts held in a pledged fund or reserve fund for the Bonds; and (vi) any other replacement proceeds. Specifically, Gross Proceeds include all amounts held in the following funds and accounts:

(1) Project Fund, and within the Project Fund, the Refinancing Account and the Costs of Issuance Account.

(2) Revenue Fund, and within the Revenue Fund, the TIF Revenues Account, the TDD Sales Tax Account and the City Revenues Fund.

(3) Debt Service Fund, and within the Debt Service Fund, the Bond Payment Account, the Redemption Account and the Reserve Account.

(4) 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 April 1, 2018, as originally executed by the City and the Trustee, as amended and supplemented by Supplemental Indentures in accordance with the terms thereof.

"**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 obligations the interest on which is excluded from federal gross income, except for "specified private activity bonds" as such term is defined in Code § 57(a)(5)(C).

"**IRS**" means the United States Internal Revenue Service.

"**Issue Date**" means April 26, 2018.

"**Management Agreement**" means any "management contract," as such term is used in Regulation § 1.141-3, such as management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of the Financed Facilities, such as a contract to manage the entire Financed Facilities or a portion of the Financed Facilities. Contracts for services that are solely incidental to the primary governmental function of the Financed Facilities (for example, contracts for vending machines, janitorial services, electrical contracting, office equipment repair, billing, or similar services) are not treated as management contracts.

"**Measurement Period**" means, with respect to each item of property financed as part of the Facility with proceeds of the Bonds, the period beginning on the earlier of (i) the Issue Date or (ii) the date the property was originally placed in service and ending on or 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.

"**Non-Qualified Use**" means use of Bond proceeds or the Financed Facilities 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 Facilities are "used" in a trade or business of a Non-Qualified User. 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 Facilities will constitute use under Regulations § 1.141 3.

"**Non-Qualified User**" means any person or entity other than a Governmental Person.

"**Original Purchaser**" means Stifel, Nicolaus & Co. Incorporated, as the original purchaser of the Bonds.

"**Project**" means the acquisition, construction and improvement of a portion of Redevelopment Area – Project I (as defined in the Redevelopment Area as contemplated by the Plan), including, but not limited to the acquisition, construction and improvement of the sanitary sewer, public water, roadway and storm water improvements set forth on Exhibit E to the Redevelopment Agreement (as such terms are defined in the Indenture).

"**Qualified Use Agreement**" means any of the following:

(a) A lease or other short-term use by members of the general public who occupy the Financed Facilities on a short-term basis as in the ordinary course of the City's governmental purposes.

(b) Agreements with Governmental Persons or Non-Qualified Users to use all or a portion of the Financed Facilities for a period up to 200 days in length pursuant to an arrangement

whereby (i) the user of the Financed Facilities under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business and (ii) 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 Governmental Person or Non-Qualified User using all or any portion of the Financed Facilities 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.

(c) Agreements with Governmental Persons or Non-Qualified Users to use all or a portion of the Financed Facilities up to 100 days in length pursuant to arrangements whereby (i) 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, (ii) 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 arrangement is entered into or renewed, and (iii) the Financed Facilities were not constructed for a principal purpose of providing the property for use by that Governmental Person or Non-Qualified User. Any Governmental Person or Non-Qualified User using all or any portion of the Financed Facilities 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.

(d) Agreements with Governmental Persons or Non-Qualified Users to use all or a portion of the Financed Facilities 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 Facilities were not constructed for a principal purpose of providing the property for use by the person.

"**Reasonable Retainage**" means Gross Proceeds retained by the City 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 two-year spending test, 5% of the Available Construction Proceeds as of the end of the two-year spending period.

"**Rebate Analyst**" means an independent certified public accountant, or such other person or firm selected by the City to compute arbitrage rebate.

"**Redemption Date**" means May 17, 2018.

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

"**Series 2005 Notes**" means any note or notes of the series of Tax Increment Financing Improvement Revenue Notes (Harrisonville Towne Center Project), Series 2005, which were refinanced with the proceeds of the Series 2007 Bonds.

"**Series 2007 Bonds**" means any bond or bonds of the series of Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2007, authenticated and delivered under the Series 2007 Indenture.

"**Series 2007 Indenture**" means the Trust Indenture, dated as of June 1, 2007, as originally executed by the City and the Series 2007 Trustee.

"**Series 2007 Trustee**" means Commerce Bank, as trustee under the Series 2007 Indenture (as successor to Commerce Bank, N.A.).

"**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 Security Bank of Kansas City, and its successor or successors and any other corporation or association which at any time may be substituted in its place at the time serving as trustee under the Indenture.

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

ARTICLE II
GENERAL REPRESENTATIONS AND COVENANTS

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

(a) Organization and Authority. The City (1) is a city of the fourth class organized and existing under the laws of the State of Missouri, and (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 and this Tax Agreement and to carry out its obligations under this Tax Agreement and under such documents, and (3) by all necessary corporate action has been duly authorized to execute and deliver the Indenture, the Cooperative Agreement and this Tax Agreement, acting by and through its duly authorized officials.

(b) Tax-Exempt Status of Bonds -- General Representations. In order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, the City—

(1) will take whatever action, and refrain from whatever action, necessary to comply with the applicable requirements of the Code;

(2) will not use or invest, or permit the use or investment of, any Bond proceeds, other money held under the Indenture, or other funds of the City, in a manner that would violate applicable provisions of the Code; and

(3) will not use, or permit the use of, any portion of the Financed Facilities in a manner that would cause any Bond to become a "private activity bond" as defined in Code § 141.

(c) Governmental Bonds – Private Business Use. The Bond proceeds will be used to refinance the costs of the Financed Facilities through the payment of interest on the Series 2007 Bonds due on May 1, 2018 and the payment in full of the principal and interest on the Series 2007 Bonds on the Redemption Date. Throughout the Measurement Period no portion of the Facility has been or is expected to be used in a Non-Qualified Use. Throughout the Measurement Period the City will not permit any Non-Qualified Use of the Facility without first obtaining an Opinion of Bond Counsel.

(d) Governmental Bonds – Private Security or Payment.

(i) As of the Issue Date, the City expects that none of the principal and interest on the Bonds will be directly or indirectly:

(A) secured by (1) any interest in property used or to be used for a private business use, or (2) any interest in payments in respect of such property; or

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

The City will not permit any private security or payment with respect to the Bonds without first obtaining an Opinion of Bond Counsel.

(ii) As long as the Bonds are outstanding, neither the Financed Facilities nor any other property used in a private business use will be pledged, directly or indirectly as security for the repayment of the Bonds.

(iii) Prior to entering into any arrangement whereby the City receives a direct or indirect payment from any entity other than a Governmental Person in connection with such person's use of the Financed Facilities, or obtains the right to use any part of the Financed Facilities, the City shall obtain an Opinion of Bond Counsel that such payment or arrangement will not adversely affect the tax exempt status of interest on the Bonds.

(e) No Private Loan. Not more than 5% of the net proceeds of the Bonds will be loaned directly or indirectly to any person or entity that is not a Governmental Person.

(f) Management Agreement. The City will not enter into or renew any Management Agreement with any Person, other than a Governmental Person, without first obtaining and delivering to the Trustee an Opinion of Bond Counsel that such Management Agreement will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

(g) Leases. As of the Issue Date, the City has not entered into any leases of any portion of the Financed Facilities other than Qualified Use Agreements. The City will not enter into or renew any lease or similar agreement or arrangement other than a Qualified Use Agreement without first obtaining an Opinion of Bond Counsel that such lease will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

(h) Average Maturity of Bonds; Economic Life of Financed Facilities. The "average maturity" of the Bonds is 5.790966 years and does not exceed 120% of the average reasonably expected economic life of the Financed Facilities.

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

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

(k) IRS Form 8038-G. Attached to this Tax Agreement as **Exhibit A** is a copy of IRS Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) filed with the Internal Revenue Service in connection with the issuance of the Bonds as required by Code § 149 (e).

(l) Hedge Bonds. At least 85% of the net sale proceeds of the Series 2005 Notes were used to carry out the governmental purpose of the Series 2005 Notes within three years after the issue date of such notes, and not more than 50% of the proceeds of the Series 2005 Notes were invested in investments having a substantially guaranteed yield for four years or more. All of the net sale proceeds of the Series 2007 Bonds were used to carry out of the governmental purposes of the Series 2007 Bonds on the date of issuance of such bonds.

(m) Arbitrage Certifications. The facts, estimates and expectations recited in **Article III** of this Tax Agreement are true and accurate as of the Issue Date; and the City believes that the estimates and expectations recited in such Article are reasonable as of the Issue Date. The City, the Trustee, Bryan Cave LLP, Bond Counsel, and the Original Purchaser may rely on such statements and expectations. The City does not expect that the Bond proceeds will be used in a manner that would cause any Bond to be an "arbitrage bond" within the meaning of Code § 148; and to the best of the City's knowledge and belief, there are no other facts, estimates or circumstances that would materially change such expectations.

(n) Compliance with Future Tax Requirements. The City understands that the Code and the Regulations may impose new or different restrictions and requirements on the City in the future. The City 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.

(o) Document Retention. The City recognizes that (i) investors purchase the Bonds with the expectation that interest on the Bonds is and will remain excludable from gross income for Federal income tax purposes, (ii) the tax exempt status of interest on the Bonds depends on the accuracy of the City's representations and the satisfaction of the City's covenants contained in this Tax Agreement, many of which relate to matters which will occur after the date the Bonds are issued, and (iii) as part of its ongoing tax-exempt bond audit program the Internal Revenue Service requires that records be created and maintained with respect to the following matters:

(1) Documentation evidencing the expenditure 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 the use of Bond financed property by public and private persons (*i.e.*, copies of management contracts or research agreements)

(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).

The City has procedures in place or will establish procedures to create and retain these records. Unless otherwise specifically instructed in a written opinion of Bond Counsel, the City will retain and maintain these records for a period ending not earlier than three years following the final maturity of (i) the Bonds or (ii) any obligation issued to refund the Bonds.

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

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

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

requirements of Code § 148(f). The City will pay all costs and expenses incurred in connection with supplying the foregoing information.

Section 2.3. Survival of Representations and Covenants. All representations, covenants and certifications of the City and the Trustee contained in this Tax Agreement or in any certificate or other instrument delivered by the City or the Trustee under this Tax Agreement, will survive the execution and delivery of such documents and the issuance of the Bonds, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations. The foregoing covenants of this Section will remain in full force and effect notwithstanding the defeasance of the Bonds under the Indenture or any other provision of the Indenture, until the final maturity date and payment of all Bonds Outstanding.

ARTICLE III
ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.1. General. The purpose of this Article is to certify, under Regulations § 1.148-2(b), the City's expectations as to the sources, uses and investment of Bond proceeds and other money, in order to support the City's conclusion that the Bonds are not arbitrage bonds. The person executing this Tax Agreement on behalf of the City is an officer of the City 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 City's understanding of the documents and certificates that comprise the Transcript, including (a) the Indenture, (b) this Tax Agreement and (c) representations, warranties and certifications of the Trustee contained in the Trustee's Closing Certificate. To the City's knowledge, the facts and estimates set forth in this Tax Agreement are accurate, and the expectations of the City set forth in this Tax Agreement are reasonable. The City 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. City and Purpose for Bonds. The City is issuing the Bonds simultaneously with the execution of this Tax Agreement, under the laws of the State of Missouri, an ordinance adopted by the Board of Aldermen of the City and the Indenture. The Bonds are being issued for the purpose of providing funds to (a) finance, refinance and reimburse the costs of the Project, and (b) pay certain costs of issuing the 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) Project Fund, and within the Project Fund, the Refunding Account and the Costs of Issuance Account.

(b) Revenue Fund, and within the Revenue Fund, the TIF Revenues Account, the TDD Sales Tax Account and the City Revenues Fund.

(c) Debt Service Fund, and within the Debt Service Fund, the Bond Payment Account, the Redemption Account and the Reserve Account.

(d) Rebate Fund.

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

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

Principal Amount	$ 5,580,000.00
Plus: Net Original Issuance Premium	25,740.70
Less: Underwriter's Discount	(50,220.00)
Total Proceeds	$ 5,555,520.70

(b) Use of Proceeds. The cash proceeds received by the Trustee on the sale of the Bonds are expected to be allocated to expenditures as follows:

(1) $108,944.45 will be deposited in the Costs of Issuance Account of the Project Fund and used to pay costs of issuance.

(2) $5,446,576.25 will be deposited in the Refinancing Account of the Project Fund and, on the Issue Date, together with the funds described in subsection (c), will be transferred to the Series 2007 Trustee for use, with other available funds on deposit under the Series 2007 Bonds, to be used to pay the interest due on the Series 2007 Bonds on May 1, 2018 and to pay the principal and interest on the Series 2007 Bonds on the Redemption Date.

(c) Amount and Use of Other Money. On or prior to the Issue Date, the City will deposit into the Refinancing Account of the Project Fund $225,680.63 from other available funds of the City. Such deposit will be used as described in subsection (b)(2) above.

Section 3.6. Current Refunding.

(a) Proceeds Used For Current Refunding. Proceeds of the Bonds will be used to pay principal and interest on the Series 2007 Bonds. All such proceeds shall be spent not later than 90 days after the Issue Date.

(b) Transferred Proceeds. As of the Issue Date, the following unspent proceeds of the Series 2007 Bonds remain: approximately $728,556.31 in the debt service reserve fund for the Series 2007 Bonds. Such proceeds will be used in full in connection with the payment and redemption of the Series 2007 Bonds. Upon discharge the Series 2007 with proceeds of the Bonds and other funds, no unspent proceeds of the Series 2007 Bonds will remain.

Section 3.7. Reserved.

Section 3.8. Reserved.

Section 3.9. No Over-Issuance. The sale proceeds of the Bonds, together with expected investment earnings thereon and other money contributed by the City, do not exceed the cost of the governmental purpose of the Bonds as described above.

Section 3.10. Sinking Funds. The City 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 Revenue Fund. Except for the Debt Service Fund, the City has not established and does not expect to establish any sinking fund or other similar fund that is expected to be used to pay principal or interest on the Bonds. The Debt Service Fund is used primarily to achieve a proper matching of revenues with principal and interest payments on the Bonds within each Bond Year, and the City expects that the Debt Service Fund will qualify as a Bona Fide Debt Service Fund.

Section 3.11. Reserve, Replacement and Pledged Funds.

(a) No Debt Service Reserve Fund. The Bond Indenture does not establishes a debt service reserve fund for the Bonds.

(b) No Other Replacement Funds. None of the Bond proceeds will be used as a substitute for other funds that were intended or earmarked to pay Costs of the Project or refund the Series 2007 Bonds, and that have been or will be used to acquire higher yielding investments. Except for the Debt Service Fund and the Debt Service Reserve 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 or the Borrower encounters financial difficulty.

Section 3.12. Issue Price and Yield.

(a) Issue Price. Based on the certifications in Exhibit C, the City hereby elects to establish the issue prices of the Bonds pursuant to Regulations § 1.148-1(f)(2)(ii) (relating to the so-called "hold-the-offering-price rule"). Therefore, the aggregate issue price of the Bonds for such purpose is $5,605,740.70.

(b) Bond Yield. Based on the issue price, the Yield on the Bonds is 2.834334%. The City has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Bonds.

Section 3.13. Miscellaneous Arbitrage Matters.

(a) Expected Use. The Facility will be used for governmental purposes over the entire term of the Bonds.

(b) 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 (i) enabling the City to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (ii) overburdening the tax-exempt bond market.

(c) Single Issue; No Other Issues. The Bonds constitute a single "issue" under Regulations § 1.150-1(c). No other obligations of the City (1) are being sold within 15 days of the sale of the Bonds; (2) are being sold under the same plan of financing as the Bonds; and (3) are expected to be paid from substantially the same source of funds as the Bonds (disregarding guarantees from unrelated parties, such as bond insurance).

Section 3.14. Conclusion. On the basis of the facts, estimates and circumstances set forth in this Tax Agreement, the City does not expect that the Bond proceeds will be used in a manner that would cause any Bond to be an "arbitrage bond" within the meaning of Code § 148 and the Regulations.

ARTICLE IV
ARBITRAGE INVESTMENT AND REBATE INSTRUCTIONS

Section 4.1. Rebate Covenants. The Trustee will (a) engage, at the expense of the City, a Rebate Analyst to compute arbitrage rebate on the Bonds in accordance with the Regulations, and (b) pay to the United States, but solely from amounts held in the Rebate Fund or money provided by the City, all such arbitrage rebate in accordance with this Tax Agreement and the Regulations. The City will make payments to the Trustee as necessary to comply with the rebate requirements of Code § 148(f) and the Regulations.

Section 4.2. Temporary Periods/Yield Restriction. Except as described below, Gross Proceeds must not be invested at a yield greater than the yield on the Bonds:

(a) Project Account and Cost of Issuance Account. Bond proceeds deposited in the Project Account and the Costs of Issuance Account of 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 those accounts after three years, such amounts may continue to be invested without yield restriction so long as all yield reduction payments are paid to the IRS in

accordance with Treas. Reg. § 1.148-5(c). These payments are required whether or not the Bonds are exempt from the arbitrage rebate requirements of Code § 148.

(b) Debt Service Fund. To the extent that the Debt Service Fund qualifies as a Bona Fide Debt Service Fund, money in such account 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.

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

Section 4.3. 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 § 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 § 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 § 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 City to be currently available on reasonably comparable CDs offered to the public.

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

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

(A) The bid specifications are in writing and are timely forwarded to potential providers.

(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 City, 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 City, the City, the Trustee, or any other person, for purposes of satisfying the requirements of the Regulations.

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

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

(F) All potential providers have an equal opportunity to bid. For example, no potential provider is given the opportunity to review other bids (*i.e.*, a last look) before providing a bid.

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

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

(A) The City or Trustee receives at least 3 bids from providers that were solicited as described above and that do not have a "material financial interest" in the issue. For this purpose, (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 3 bids received is from a reasonably competitive provider, as defined above.

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

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

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

(5) *Records.* The Trustee retains the following records with the Bond documents until 3 years after the last outstanding Bond is redeemed:

(A) A copy of the Guaranteed Investment Contract.

(B) The receipt or other record of the amount actually paid by the City or Trustee for the Guaranteed Investment Contract, including a record of any administrative costs paid by the City or Trustee, and the certification as to fees paid, described in paragraph 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 3 bids on the Investment must be received from persons with no financial interest in the Bonds (*e.g.*, as underwriters or brokers); and

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

Section 4.4. Spending Exceptions. The Six-Month Exception described below is applicable to the Bonds.

(a) Six-Month Exception.

(1) The obligation to pay arbitrage rebate to the United States will be treated as satisfied if:

(A) the Gross Proceeds (as modified below) are allocated to expenditures for the governmental purposes of the Bonds within 6 months after the Issue Date; and

(B) rebate is paid in accordance with Code § 148 on all Gross Proceeds not required to be spent as provided in paragraph (1)(A) (other than amounts in a Bona Fide Debt Service Fund). Normally, this will include only Gross Proceeds in a reasonably required reserve or replacement fund.

(2) For purposes of paragraph (1) above, Gross Proceeds do not include amounts in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund, or amounts that become Gross Proceeds after the end of the 6-month spending period, but were not anticipated as of the Issue Date. The Bonds meet the 6-month spending test even if, at the end of the 6-month period, Gross Proceeds not exceeding 5% of the sale proceeds of the Bonds remain unspent, so long as such Gross Proceeds are spent within 1 year after the Issue Date. But the use of Gross Proceeds to pay principal of any Bond cannot be treated as an expenditure of Gross Proceeds for the purpose of the spending exception.

(b) Eighteen-Month Exception.

(1) The obligation to pay arbitrage rebate to the United States will be treated as satisfied with respect to the Bonds if:

(A) the Gross Proceeds (as modified below) are allocated to expenditures for the governmental purposes of the Bonds in accordance with the following schedule:

Time Period After the Issue Date	Minimum Percentage of Gross Proceeds Spent
6 months	15%
12 months	60%
18 months	100%

and;

(B) rebate is paid in accordance with Code § 148 on all Gross Proceeds not required to be spent in accordance with the 18-month spending schedule (other than amounts in a Bona Fide Debt Service Fund). Normally, this will include only Gross Proceeds in a reasonably required reserve or replacement fund.

(2) For purposes of paragraph (1)(A) above, Gross Proceeds do not include amounts in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund, or amounts that become Gross Proceeds after the end of the 18-month spending period, but were not anticipated as of the Issue Date. The Bonds meet the 18-month spending test even if, at the end of the 18-month period, Gross Proceeds not exceeding a Reasonable Retainage remain unspent, so long as such proceeds are allocated to expenditures within 30 months after the Issue Date. In addition, the failure to satisfy the final spending requirement at the end of the 18-month period is disregarded if the City uses due diligence to complete the Project and the amount of the failure does not exceed the lesser of 3% of the aggregate issue price of the Bonds or $250,000. But the use of Gross Proceeds to pay principal of any Bond cannot be treated as an expenditure of Gross Proceeds for the purpose of the spending exception.

(c) Two-year Exception for Construction Issue.

(1) *Spending Test.*

(A) The obligation to pay arbitrage rebate to the United States will be treated as satisfied with respect to the Available Construction Proceeds of the Bonds if all of such Available Construction Proceeds are allocated to expenditures for the governmental purposes of the Bonds within 2 years after the Issue Date, 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	100%

(B) The Bonds meet the two-year spending test even if, at the end of the two-year period, Available Construction Proceeds not exceeding a Reasonable Retainage remain unspent, so long as such Reasonable Retainage is spent within 3 years after the Issue Date. In addition, the failure to satisfy the final spending requirement at the end of the 2 -year period is disregarded if the City uses due diligence to complete the Project and the failure does not exceed the lesser of 3% of the aggregate issue price of the Bonds or $250,000. But the use of Gross Proceeds to pay principal of any Bond cannot be treated as an expenditure of Gross Proceeds for the purpose of the spending exception.

(2) *Payment of Arbitrage Rebate on Other Gross Proceeds.* Meeting the spending test for Available Construction Proceeds does not relieve the City of the obligation to pay arbitrage rebate generated on Gross Proceeds which are not Available Construction Proceeds, except as follows:

(A) If the 2-year spending requirements are met, then earnings on a Bona Fide Debt Service Fund cannot be taken into account in computing arbitrage rebate.

(B) No rebate is payable on earnings in a reasonably required reserve or replacement fund until the earlier of the close of the 2-year spending period or the date construction of the Project is substantially completed. But if the City elected under Code § 148(f)(4)(C)(vi)(IV) to exclude earnings on a reasonably required reserve or replacement fund from Available Construction Proceeds, then such earnings are subject to rebate beginning on the Issue Date.

Section 4.5. 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 the Rebate Fund will be credited to the Rebate Fund, and any investment loss will be charged to such Fund.

(b) Computation of Rebate Amount. Not later than the each Computation Date the Trustee will engage a Rebate Analyst (at the expense of the City) to compute arbitrage rebate generated on all Investments, in accordance with the Regulations. Such computation shall be completed not later than 45 days following the Computation Date. Upon receipt of each computation of arbitrage rebate from the

Rebate Analyst, the Trustee will give written notice to the City by first class mail, postage prepaid, including a copy of such computation, showing the arbitrage rebate due and the amount then on deposit in the Rebate Fund, together with an opinion or certificate of the Rebate Analyst stating that arbitrage rebate was determined in accordance with the Regulations. If the amount on deposit in the Rebate Fund is less than the arbitrage rebate due, the City will, within 50 days after such Computation Date, pay to the Trustee the amount of the deficiency for deposit into the Rebate Fund. If 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 Debt Service Fund. After the final Computation Date, any money left in the Rebate Fund will be paid to the City and may be used for any purpose not prohibited by law.

(c) Exception for Debt Service Fund. To the extent that the Debt Service Fund qualifies as a Bona Fide Debt Service Fund, investment earnings in such account cannot be taken into account in computing arbitrage rebate , because the weighted average maturity of the Bonds is at least five years and all of the Bonds bear interest at rates that do not vary during the term of the Bonds.

(d) Rebate Payments. Within 60 days after each Computation Date, the Trustee will pay to the United States (but solely from money in the Rebate Fund or provided by the City) 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 4.6. Records. The Trustee will retain detailed records with respect to each computation of arbitrage rebate and 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. The Trustee will retain all such records until six years after the final Computation Date.

Section 4.7. Filing Requirements. The Trustee and the City 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 4.8. 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 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 the Indenture, such

amendment will not cause any Bond to be an arbitrage bond under Code § 148 or otherwise cause interest on any Bond to be included in gross income for federal income tax purposes.

Section 5.3. Opinion of Bond Counsel. The City and the Trustee may deviate from the provisions of this Tax Agreement if furnished with an opinion of Bond Counsel to the effect that the proposed deviation will not adversely affect the validity of the Bonds or cause an Event of Taxability to occur. The City and the Trustee will 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. 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 5.5. Benefit of Agreement. This Tax Agreement is binding upon the City and 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 City given in good faith described in Regulations § 1.148-2(b)(2). The City understand that such certification will be relied upon by the law firm of Bryan Cave LLP, in rendering its opinion as to the validity of the Bonds and the exclusion from federal gross income of the interest on the Bonds.

Section 5.6. 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 5.7. Electronic Transactions. The parties agree that the arrangement described herein may be conducted and related documents may be stored by electronic means.

Section 5.8. Governing Law. This Tax Agreement will be governed by and construed in accordance with the laws of the State of Missouri.

(*Remainder of this page intentionally left blank*)

This Tax Compliance Agreement has been executed by the parties hereto as of the day and year first above written.

CITY OF HARRISONVILLE, MISSOURI

By:_____
Mayor

(SEAL)

ATTEST:

By:_____
City Clerk

SECURITY BANK OF KANSAS CITY, as Trustee

By: _____

Name: Erica Lemon

Title: Assistant Vice President

EXHIBIT A

IRS FORM 8038-G

(*see attached*)

BRYAN CAVE LEIGHTON PAISNER LLP
One Kansas City Place, 1200 Main Street, Suite 3800, Kansas City, MO 64105-2122
T: 816 374 3200 F: 816 374 3300 bclplaw.com

May 1, 2018

David Eric Reid
Direct: 816.391.7656
Fax: 816.855.3656
dereid@bryancave.com

Via Certified Mail 9414 2744 9904 2121 7786 27
Return Receipt Requested

Certified Article Number
9414 7266 9904 2121 7786 27
SENDER'S RECORD

Internal Revenue Service Center
Ogden Utah 84201

Re: Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2018

Gentlemen:

In accordance with IRS Regulations, we enclose for filing with your office on behalf of the City of Harrisonville, Missouri, an originally executed Form 8038-G with regard to the referenced issue.

Very truly yours,

BRYAN CAVE LEIGHTON PAISNER LLP

David Eric Reid

DER
Enclosure

U.S. Postal Service®
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

USPS® ARTICLE NUMBER

9414 7266 9904 2121 7786 27

Certified Mail Fee	$ 47 ~~3.45~~
Return Receipt (Hardcopy)	$ 345 ~~2.75~~
Return Receipt (Electronic)	$ 2.75
Certified Mail Restricted Delivery	$
Postage	$
Total Postage and Fees	$ 6.67

MOWU KANSAS CITY MO MAY 01 2018 USPS - 64108

Postmark Here

Sent to:

Internal Revenue Service Center
IRS
Ogden, UT
Ogden, UT 84201-0038
US

Reference Information

C029262.2389194.001906

PS Form 3800, Facsimile, July 2015

Return Receipt (Form 3811) Barcode

9590 9266 9904 2121 7786 20

1. Article Addressed to:

Internal Revenue Service Center
IRS
Ogden, UT
Ogden, UT 84201-0038
US

2. Certified Mail (Form 3800) Article Number

9414 7266 9904 2121 7786 27

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ Agent ☐ Addressee

X

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

RECEIVED B013 MAY 07 2018 OGDEN, UT IRS OSC

3. Service Type:
☒ Certified Mail
☐ Certified Mail Restricted Delivery

Reference Information

C029262.2389194.001906 - DER/2389194

Domestic Return Receipt

PS Form 3811, Facsimile, July 2015

Form **8038-G**
(Rev. September 2011)
Department of the Treasury
Internal Revenue Service

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 ▶ ☐

1 Issuer's name
City of Harrisonville, Missouri

2 Issuer's employer identification number (EIN)
44-6000184

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) | Room/suite
300 East Pearl Street

5 Report number *(For IRS Use Only)*
3

6 City, town, or post office, state, and ZIP code
Harrisonville, Missouri 64701

7 Date of Issue
04/26/2018

8 Name of issue
Annual Appropriation-Supported Tax Increment and Sale Tax Refunding Rev. Bonds, Series 2018

9 CUSIP number
415745AX6

10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions)
Marcella McCoy, Director of Finance

10b Telephone number of officer or other employee shown on 10a
816-380-8920

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 ▶ **Redevelopment Project**	18	**5,605,741**
19	If obligations are TANs or RANs, check only box 19a ▶ ☐ If obligations are BANs, check only box 19b ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

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	**11/01/2028**	$ **5,605,741**	$ **5,580,000**	**5.791** years	**2.8343** %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	**0**
23	Issue price of entire issue (enter amount from line 21, column (b))			23	**5,605,741**
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	**154,813**		
25	Proceeds used for credit enhancement	25	**0**		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	**0**		
27	Proceeds used to currently refund prior issues	27	**5,405,928**		
28	Proceeds used to advance refund prior issues	28	**0**		
29	Total (add lines 24 through 28)			29	**5,605,741**
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	**0**

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 ▶	**6.534** years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	**05/17/2018**
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	**06/19/2007**

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35		
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a		
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		

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ 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 ▶ ☐

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ 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 ▶ ☐

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 ▶ ☑

44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☑

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☐ 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.

Marcella McCoy — Signature of issuer's authorized representative — Date: 4/26/18

Marcella McCoy, Director of Finance — Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
David E. Reid	David E. Reid	5/1/18		P01970534

Firm's name ▶ Bryan Cave Leighton Paisner LLP — Firm's EIN ▶ 43-0602162

Firm's address ▶ 1200 Main Street, Suite 3800, Kansas City, MO 64105 — Phone no. 816-374-3200

CONTINUING DISCLOSURE AGREEMENT

dated as of April 1, 2018

between

CITY OF HARRISONVILLE, MISSOURI

and

SECURITY BANK OF KANSAS CITY,
as Dissemination Agent

relating to

$5,580,000
City of Harrisonville, Missouri
Annual Appropriation-Supported Tax Increment
and Sales Tax Refunding Revenue Bonds
(Harrisonville Towne Center Project)
Series 2018

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of April 1, 2018 (the "**Continuing Disclosure Agreement**"), is executed and delivered by the **CITY OF HARRISONVILLE, MISSOURI** (the "**City**"), and **SECURITY BANK OF KANSAS CITY**, a state banking corporation, as dissemination agent (the "**Dissemination Agent**").

RECITALS

1. This Continuing Disclosure Agreement is executed and delivered in connection with the issuance by the City of its $5,580,000 aggregate principal amount of Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2018 (the "**Bonds**"), pursuant to a Trust Indenture, dated as of April 1, 2018 (the "**Bond Indenture**"), between the City and Security Bank of Kansas City, as trustee (the "**Bond Trustee**").

2. The City and the Dissemination Agent are entering into this Continuing Disclosure Agreement for the benefit of the Beneficial Owners of the Bonds. The City is entering into this Continuing Disclosure Agreement in order to assist the Participating Underwriter in complying with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The City is the only "obligated person" with responsibility for continuing disclosure hereunder.

In consideration of the mutual covenants and agreements herein, the City and the Dissemination Agent covenant and agree as follows:

Section 1. Definitions. In addition to the definitions set forth elsewhere in this Continuing Disclosure Agreement and in the Bond Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this **Section**, the following capitalized terms shall have the following meanings:

"**Annual Report**" means, collectively, the City Annual Report and the City Financial Statements.

"**Annual Report Date**" means June 30th of each year (or, if the City's Fiscal Year should change, not later than the last day of the calendar month containing the 180th day following the end of the City's Fiscal Year), commencing June 30, 2018.

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

"**City Annual Report**" means a document or set of documents, in substantially the form attached as **Exhibit B** hereto, which contains updates (as of December 31 of each year) to the following information:

(a) the amount deposited into the following accounts of the Revenue Fund since the last City Annual Report:

(i) the TIF Revenues Account;

(ii) the TDD Sales Tax Account;

(iii) the City Revenues Account; and

(iv) any other amounts deposited to the Revenue Account;

(b) the principal amount of Bonds redeemed (whether by optional redemption, special redemption or on maturity) since the last City Annual Report;

(c) the aggregate principal amount of Bonds redeemed since the date of issuance of the Bonds and the outstanding principal amount of the Bonds;

(d) a list of the businesses located in the Redevelopment Area which remitted sales taxes for retail sales within the Redevelopment Area during the last Annual Reporting Period and were open for business as of December 31 of the most recently ended Annual Reporting Period; and

(e) a table showing the assessed valuation of each parcel of the real property within the Redevelopment Area for the most recently ended Annual Reporting Period.

"**City Financial Statements**" means the audited financial statements of the City for the prior Fiscal Year, prepared in accordance with accounting principles generally accepted in the United States of America.

"**Dissemination Agent**" means Security Bank of Kansas City, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the City.

"**EMMA**" means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

"**Fiscal Year**" means the 12-month period beginning on January 1 and ending on December 31 of each calendar year or any other 12-month period selected by the City as the Fiscal Year of the City for financial reporting purposes.

"**Listed Events**" means any of the events listed in **Section 3(a)** of this Continuing Disclosure Agreement.

"**MSRB**" means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

"**Official Statement**" means the Official Statement dated April 16, 2018 related to the Bonds.

"**Participating Underwriter**" means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"**Rule**" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Provision of Annual Reports.

(a) The City shall, not later than the Annual Report Date, file with the MSRB, through EMMA, the following financial information and operating data:

(i) The City Financial Statements.

(ii) The City Annual Report for the preceding Fiscal Year.

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

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this **Section**; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under **Section 3** of this Continuing Disclosure Agreement.

(b) Not later than the date specified in subsection (a) for providing the Annual Report to the MSRB, the City shall either (1) provide the City Annual Report and the City Financial Statements to the Dissemination Agent, with written instructions to file the Annual Report as required by this Continuing Disclosure Agreement, or (2) provide written notice to the Dissemination Agent that the City has filed the Annual Report with the MSRB or will do so prior to the Annual Report Date.

(c) If the Dissemination Agent has not received either the City Annual Report and the City Financial Statements with filing instructions or a written notice from the City that it has filed the City Annual Report and the City Financial Statements with the MSRB by the Annual Report Date, the Dissemination Agent in a timely manner shall send a notice to the MSRB in substantially the form attached as **Exhibit A**.

(d) The Dissemination Agent shall, unless the City has filed the City Annual Report and the City Financial Statements with the MSRB, promptly following receipt of such documents and instructions required in subsection (b) above, file the City Annual Report and the City Financial Statements with the MSRB and file a report with the City certifying that such documents have been filed pursuant to this Continuing Disclosure Agreement and stating the date it was filed with the MSRB.

(e) In addition to the foregoing requirements of this **Section**, the Dissemination Agent agrees to provide copies of the most recent Annual Report to any requesting Beneficial Owner or prospective Beneficial Owner, but only after the same have been delivered to the MSRB.

Section 3. Reporting of Listed Events.

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

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) modifications to rights of bondholders, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of property securing repayment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the City;

(13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

(b) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Listed Event, contact the City Administrator, or his or her designee, or such other person as the City shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (d). If in response to a request under this subsection (b), the City determines that the event does not constitute a Listed Event, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent whether or not to report the occurrence pursuant to subsection (d).

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the City shall promptly notify and instruct the Dissemination Agent in writing to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent receives written instructions from the City to report the occurrence of a Listed Event, the Dissemination Agent shall promptly file a notice of such occurrence to the MSRB, with a copy to the City. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the registered owners of affected Bonds pursuant to the Bond Indenture.

Section 4. Termination of Reporting Obligation. The City's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the obligations of the City under this Continuing Disclosure Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Agreement in the same manner as if it were the City and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the City shall give notice of such termination or substitution in the same manner as for a Listed Event under **Section 3** of this Continuing Disclosure Agreement.

Section 5. Dissemination Agents. The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor dissemination agent. The Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the City. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including, without limitation, the Annual Report) prepared by the City pursuant to this Continuing Disclosure Agreement. The initial Dissemination Agent is Security Bank of Kansas City.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the City and the Dissemination Agent may amend this Continuing Disclosure Agreement and any provision of this Continuing Disclosure Agreement may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the City and the Dissemination Agent with its written opinion that the agreement of the City and the Dissemination Agent contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Agreement.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the City shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Listed Event under **Section 3** of this Continuing Disclosure Agreement, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the City shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Semi-Annual Report, Annual Report or notice of occurrence of a Listed Event.

Section 8. Default. If the City or the Dissemination Agent fails to comply with any provision of this Continuing Disclosure Agreement, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement shall not be deemed an event of default under the Bond Indenture or the Bonds, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with this Continuing Disclosure Agreement shall be an action to compel performance.

Section 9. Duties and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and, to the extent permitted by law, the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in

the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability as it relates to the City, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this **Section** shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The fees, charges and expenses of the Dissemination Agent in connection with its administration of this Continuing Disclosure Agreement shall be paid in the same manner as the fees and expenses of the trustee as provided in the Bond Indenture.

Section 10. Notices. Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given by registered or certified mail, return receipt requested, or by confirmed facsimile, or delivered in person or by overnight courier, and will be deemed given on the second day following the date on which the notice or communication is so mailed, as follows:

To the City:	City of Harrisonville, Missouri 300 East Pearl Harrisonville, Missouri 64701 Attention: City Administrator Facsimile: (816) 860-8906
To the Dissemination Agent:	Security Bank of Kansas City 701 Minnesota Avenue, Suite 206 Kansas City, Kanas 66101 Attention: Corporate Trust Department Facsimile: (913) 279-7960

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 11. Beneficiaries. Subject to the limitation on remedies contained in **Section 9** of this Continuing Disclosure Agreement, this Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. Severability. If any provision in this Continuing Disclosure Agreement 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 13. Counterparts. This Continuing Disclosure 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 14. Electronic Transactions. The arrangement described herein may be conducted and related documents may be stored, sent or received by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

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

(*Remainder of this page intentionally left blank*)

IN WITNESS WHEREOF, the City and the Dissemination Agent have caused this Continuing Disclosure Agreement to be executed as of the day and year first above written.

CITY OF HARRISONVILLE, MISSOURI

By:_____
Mayor

[SEAL]

ATTEST:

By:_____
City Clerk

SECURITY BANK OF KANSAS CITY, as
Dissemination Agent

By:_____
Title:_____

Erica Lemon
Assistant Vice President

EXHIBIT A

NOTICE OF FAILURE TO FILE CITY ANNUAL REPORT

Name of Bond Issuer:	City of Harrisonville, Missouri
Name of Bond Issue:	$5,580,000 Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project0 Series 2018
Name of Obligated Person:	City of Harrisonville, Missouri (the "City")
Date of Issuance:	April 26, 2018

NOTICE IS HEREBY GIVEN that the City has not filed a City Annual Report with respect to the above-named bonds as required by the Continuing Disclosure Agreement, dated as of April 1, 2018, among the City and Security Bank of Kansas City, as Dissemination Agent. The City has informed the Dissemination Agent that the City anticipates that the City Annual Report will be filed by _____.

Dated: _____ ___, _____

SECURITY BANK OF KANSAS CITY, as
Dissemination Agent, on behalf of the City

cc: City of Harrisonville, Missouri

EXHIBIT B

FORM OF CITY ANNUAL REPORT

This report is prepared and delivered pursuant to the Continuing Disclosure Agreement, dated as of April 1, 2018, among the City of Harrisonville, Missouri and Security Bank of Kansas City, as Dissemination Agent.

Annual Reporting Period From January 1 to December 31, 20__

1. The following amounts have been deposited into the following accounts of the Revenue Fund during the Annual Reporting Period set forth above:

(i)	TIF Revenues Account	$_____
(ii)	TDD Sales Tax Account	$_____
(iii)	City Revenues Account	$_____
(ii)	any other amounts deposited to the Revenue Account	$_____

2. The principal amount of Bonds redeemed since the last City Annual Report is $_____.

3. The principal amount of Bonds redeemed since the date of issuance of the Bonds is $_____, and the outstanding principal amount of the Bonds is $_____ as of the end of the Annual Reporting Period set forth above.

4. Attached hereto is a list of the businesses located in the Redevelopment Area which remitted sales taxes for retail sales within the Redevelopment Area during the last Annual Reporting Period and were open for business as of December 31 of the most recently ended Annual Reporting Period.

5. Attached hereto is a table showing the assessed valuation of each parcel of the real property within the Redevelopment Area for the most recently ended Annual Reporting Period.

$5,580,000
City of Harrisonville, Missouri
Annual Appropriation-Supported Tax Increment
and Sales Tax Refunding Revenue Bonds
(Harrisonville Towne Center Project)
Series 2018

April 16, 2018

PURCHASE CONTRACT

City of Harrisonville, Missouri
300 East Pearl Street
Harrisonville, Missouri 64701

Ladies and Gentlemen:

The undersigned, Stifel, Nicolaus & Company, Incorporated (the "***Purchaser***"), hereby offers to purchase from the City of Harrisonville, Missouri (the "***City***"), $5,580,000 aggregate principal amount of Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2018 (the "***Bonds***"), to be issued by the City under and pursuant to an ordinance adopted by the Board of Aldermen on April 16, 2018 (the "***Bond Ordinance***") and a Trust Indenture dated as of April 1, 2018 (the "***Indenture***") by and between the City and Security Bank of Kansas City, Kansas City, Kansas, as trustee (the "***Trustee***"). Capitalized words and terms used herein shall have the respective meanings ascribed to them in the Indenture unless some other meaning is plainly indicated.

The Bonds are to be issued by the City pursuant to and in accordance with the provisions of the Constitution and laws of the State of Missouri (the "***State***"), including particularly the Real Property Tax Increment Allocation Redevelopment Act, Section 99.800 *et seq.* of the Revised Statutes of Missouri, as amended (the "***Act***"). The Bonds are being issued for the purpose of providing funds to (a) refund the City's outstanding Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2007, and (b) pay the costs of issuance of the Bonds.

The Bonds and the interest thereon shall be special, limited obligations of the City, payable solely from Pledged Revenues and other moneys pledged thereto, all as provided in the Indenture. The Bonds shall not constitute a debt of the City, The Harrisonville Towne Center Transportation Development District (the ***"District"***), the State or any political subdivision thereof, and shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City, the District, the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

The Bonds shall mature and shall bear interest as set forth in Schedule I attached hereto and made a part hereof.

This offer is made subject to your acceptance of this Purchase Contract on or before 10:00 p.m., St. Louis time, on April 16, 2018. Upon your acceptance of the offer, the following agreement will be binding upon you and the Purchaser.

The words "***Transaction Documents***" when used herein shall mean, individually and collectively, the following: the Bonds; the Bond Ordinance; the Indenture; the Tax Compliance Agreement dated as of April 1, 2018 (the "***Tax Compliance Agreement***"), between the City and the Trustee; the Continuing Disclosure Agreement dated as of April 1, 2018 (the "***Continuing Disclosure Agreement***"), between the City and Security Bank of Kansas City, as dissemination agent (the "***Dissemination Agent***"); this Purchase Contract; the Preliminary Official Statement (defined below); the Official Statement (defined below); and any and all other documents or instruments that evidence or are a part of the transactions referred to herein or in the Official Statement or contemplated hereby or by the Official Statement; 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 party hereto, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

1. **Purchase of Bonds**. Upon the terms and conditions and upon the basis of the respective representations, warranties and covenants hereinafter set forth, the Purchaser hereby agrees to purchase from the City, and the City hereby agrees to sell to the Purchaser, all (but not less than all) of the Bonds at a purchase price of $5,555,520.70 (which is equal to the aggregate principal amount of the Bonds, plus aggregate original issue premium of $55,655.35, less aggregate original issue discount of $29,914.65 and less an underwriting discount of $50,220.00), plus accrued interest, if any.

2. **Public Offering; Issue Price**.

(a) The Purchaser intends to make an initial bona fide public offering of all of the Bonds at the prices set forth in Schedule I; provided, however, that the Purchaser may subsequently change such offering price or prices. The Purchaser agrees to notify the City of such changes, if such changes occur prior to Closing (defined below), but failure to so notify shall not invalidate such changes. The Purchaser may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the prices set forth in Schedule I. The Purchaser also reserves the right to (i) over-allot or effect transactions which stabilize or maintain the market price of the Bonds at levels above those that might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time without prior notice.

(b) The City acknowledges and agrees that: (i) the primary role of the Purchaser, as an underwriter, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the City and the Purchaser and the Purchaser has financial and other interests that differ from those of the City; (ii) the Purchaser is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the City and has not assumed any advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Purchaser has provided other services or is currently providing other services to the City on other matters); (iii) the only obligations the Purchaser has to the City with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract; and (iv) the City has consulted its own financial and/or municipal, legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

(c) In conjunction with (i) an audit or inquiry by the Internal Revenue Service (the "***IRS***") or the Securities and Exchange Commission (the "***SEC***") relating to the pricing of the Bonds, or (ii) the implementation of future regulations or similar guidance from the IRS, the SEC or other federal or state

regulatory authority regarding the retention of pricing data for the Bonds, at the request of the City, the Purchaser will provide information explaining the factual basis for the Purchaser's representations in the hereinafter defined Issue Price Certificate, attached hereto as **Exhibit A** relating to the pricing of the Bonds, other than information that would identify customers (e.g., name or account number). This agreement by the Purchaser to provide such information will continue to apply after the Closing Date (as defined herein), but shall not extend to any customer data or other confidential or proprietary information of the Purchaser.

(d) For the purposes of this Section, the following definitions apply:

"Effective Time" means the time on the Sale Date that this Agreement to purchase the Bonds becomes enforceable.

"Holding Period" means with respect to each Undersold Maturity the period beginning on the Sale Date and ending on the earlier of the following:

(i) the close of the fifth (5^{th}) business day after the Sale Date; or

(ii) the date and time at which the Purchaser has sold at least 10% of that Undersold Maturity of the Bonds to the Public at one or more prices that are no higher than the Initial Offering Price.

"Initial Offering Price" means the price listed on Schedule I for each Maturity.

"Maturity" means Bonds with the same credit and payment terms; Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriting Firm or a related party to an Underwriting Firm. An Underwriting Firm and a person are related if it and the person are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other.

"Sale Date" means the date of execution of this Purchase Contract.

"Undersold Maturity" or "Undersold Maturities" means any Maturity for which less than 10% of the principal amount of Bonds of that Maturity have been sold.

"Underwriting Firm" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The Purchaser represents and agrees as follows:

(i) As of the Effective Time all of the Bonds have been the subject of an initial offering to the Public.

(ii) As of the Effective Time none of the Bonds have been sold to any person at a price higher than the Initial Offering Price for that Maturity.

(iii) During the Holding Period each Underwriting Firm agrees it will not offer nor sell Bonds of an Undersold Maturity to the Public at a price that is higher than the respective Initial Offering Price for that Undersold Maturity.

(iv) Any separate agreement among any Underwriting Firm related to the sale of an Undersold Maturity during the Holding Period does or shall contain the agreement referenced in 3 above.

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

3. **Preliminary Official Statement; Official Statement**.

The City consents to the use by the Purchaser (subject to the right of the City to withdraw such consent for cause by written notice to the Purchaser) prior to the date upon which the Official Statement is executed and available for distribution, of the Preliminary Official Statement dated April 6, 2018 (the "***Preliminary Official Statement***"), in connection with the proposed offering of the Bonds. The City hereby deems the information contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1) of the SEC, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters.

The City hereby agrees to deliver to the Purchaser, within seven business days after the date hereof (or within such shorter period as may be agreed by the City and the Purchaser or required by applicable rule), 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 City by a duly authorized officer in such quantity that the Purchaser may reasonably request to enable the Purchaser to provide the Official Statement to potential customers and to comply with any rules of the Municipal Securities Rulemaking Board ("***MSRB***") and the SEC. The City authorizes the Purchaser to file, to the extent required by applicable SEC or MSRB rule, and the Purchaser agrees to file or cause to be filed, the Official Statement with (i) the MSRB or its designee (including submission to the MSRB's Electronic Municipal Market Access system ("***EMMA***")) or (ii) other repositories approved from time to time by the SEC (either in addition to or in lieu of the filings referred to above). If an amended Official Statement is prepared in accordance with this Purchase Contract and if required by applicable SEC or MSRB rule, the Purchaser also shall make the required submission of the amended Official Statement to EMMA.

The Preliminary Official Statement and/or the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB and as may be agreed by the City and the Purchaser.

NO TOMBSTONE OR OTHER ADVERTISEMENT BY THE PURCHASER OF THE SALE OF THE BONDS SHALL BE PUBLISHED UNLESS SUCH TOMBSTONE OR OTHER ADVERTISEMENT IS SUBMITTED FIRST TO THE CITY AND THE CITY APPROVES SUCH TOMBSTONE OR OTHER ADVERTISEMENT IN WRITING.

4. **City's Representations and Warranties**. The City hereby represents and warrants to the Purchaser that:

(a) The City is and will be at Closing a fourth-class city and political subdivision of the State created and existing under the laws of the State, with the power and authority set forth in the Act.

(b) The City is authorized by the laws of the State, including particularly the Act, (i) to issue, sell and deliver the Bonds for the purposes set forth in the opening paragraphs hereof and in the Indenture and (ii) to enter into, deliver and perform its obligations under the Transaction Documents.

(c) The City has full power and authority to consummate the transactions contemplated by this Purchase Contract and the other Transaction Documents and has duly authorized and approved the execution and delivery of this Purchase Contract.

(d) At the time of its passage, the City had all necessary power and authority to pass the Bond Ordinance.

(e) The information contained in the Preliminary Official Statement as of its date was, and the Official Statement as of the date hereof is and, as of Closing will be, correct in all material respects, and with respect to such information in the Preliminary Official Statement did not as of its date and with respect to such information in the Official Statement as of the date hereof and, as of Closing, does not and will not, omit to state any material fact required to be stated therein or necessary to make any statement made therein, in light of the circumstances under which it was made, not misleading. Notwithstanding the foregoing, the City makes no representation or warranty (express or implied) as to the accuracy or completeness of any financial, technical or statistical data or any estimates, projections, assumptions or expressions of opinion set forth in the Projections (as defined in the Official Statement).

(f) Prior to the Closing, the City shall have duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the Bonds upon the terms set forth herein and in the Official Statement; (ii) the approval, execution, delivery and receipt by the City of the Transaction Documents, and any and all such other agreements and documents as may be required to be executed, delivered and received by the City in order to carry out, give effect to, perform and consummate the transactions contemplated hereby and by the Official Statement (including, without limitation, the Continuing Disclosure Agreement in conformance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("***Rule 15c2-12***"); and (iii) the approval of the use of the Official Statement.

(g) Assuming the valid authorization, execution and delivery of this Purchase Contract and the other Transaction Documents by the other parties hereto and thereto and the

authentication of the Bonds by the Trustee, the Bonds when executed, issued, authenticated, delivered and paid for as herein and in the Bond Ordinance provided and the Transaction Documents when executed will have been duly authorized and issued and will constitute legal, valid and binding obligations of the City enforceable in accordance with their terms (subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar law or laws affecting the enforcement of creditors' rights generally or against municipal corporations such as the City from time to time in effect and further subject to the availability of equitable remedies).

(h) All consents, approvals, orders or authorizations of, notices to, or filings, registrations or declarations with any court or governmental authority, board, agency, commission or body having jurisdiction which are required by or on behalf of the City for the execution and delivery by the City of this Purchase Contract, the Transaction Documents or the Bonds, or the consummation by the City of the transactions contemplated hereby or thereby, have been obtained or will be obtained prior to Closing except for the completion and filing of the IRS Form 8038–G and the completion and filing of the appropriate notice on the Missouri Accountability Portal (both of which will be completed and filed after Closing).

(i) The City 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, 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 material default or event of default by the City under any of the foregoing.

(j) Except as may be set forth in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body, pending or, to the knowledge of the City, threatened against the City wherein an unfavorable decision, ruling or finding would materially adversely affect (i) the transactions contemplated hereby or by the Official Statement, (ii) the validity or enforceability in accordance with their respective terms of the Transaction Documents or any other agreement or instrument to which the City is a party, used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement, (iii) the exclusion of the interest on the Bonds from gross income for purposes of federal income taxation, or (iv) the existence or powers of the City.

(k) The execution and delivery by the City of this Purchase Contract, the Bonds and the other Transaction Documents and the other documents contemplated hereby and by the Official Statement to be executed and delivered by the City, and compliance with the provisions thereof, and the approval of the use of the Official Statement does not conflict with or constitute on the part of the City a breach of or a default under any existing law, court or administrative regulation, decree, order, agreement, indenture, mortgage or lease by which the City is or may be bound.

(l) Except as disclosed in the Preliminary Official Statement and the Official Statement, at no time during the past five years has the City failed to comply in any material respect with any of the informational reporting undertakings contained in any financing documents that are intended to comply with the requirements of Rule 15c2-12. The City will undertake, pursuant to the Continuing Disclosure Agreement, to provide certain annual financial information and notices of the occurrence of certain events to information repositories in the manner and to the extent required by Rule 15c2-12. The form of Continuing Disclosure Agreement is attached to the Preliminary Official Statement and the final Official Statement.

(m) The City agrees to reasonably cooperate with the Purchaser in any endeavor to qualify the Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as the Purchaser may request; provided, however, that the City shall not be required with respect to the offer or sale of the Bonds, or otherwise, to file written consent to suit or to file written consent to service of process in any jurisdiction. The City consents to the use of drafts of the Preliminary Official Statement, the Preliminary Official Statement and drafts of the Official Statement prior to the availability of the Official Statement, by the Purchaser in obtaining such qualifications, subject to the right of the City to withdraw such consent for cause by written notice to the Purchaser. The Purchaser shall pay all expenses and costs (including registration and filing fees and legal fees and expenses of bond counsel) incurred in connection therewith.

(n) The City has appropriated to the payment of the Bonds all Economic Activity Tax Revenues and City Revenues generated in Redevelopment Project Area I for the current Fiscal Year.

(o) Any certificate signed by an authorized officer of the City and delivered to the Purchaser shall be deemed a representation and warranty by the City to the Purchaser as to the statements made therein.

5. **Closing**. Prior to or at 12:00 noon, St. Louis, Missouri time, on April 26, 2018 or at such other time or such other date as shall have been mutually agreed upon by the City and the Purchaser (the "***Closing Time***"), the City will deliver, or cause to be delivered the Bonds as described below, in definitive form duly executed and authenticated by the Trustee, together with the other documents hereinafter mentioned; and the Purchaser, upon delivery of the Bonds as described below, will pay the purchase price of the Bonds by delivery to the City by electronic transfer of funds immediately available in Kansas City, Missouri in an amount equal to the purchase price.

Payment and delivery of the Bonds as aforesaid shall be made in Kansas City, Missouri as more specifically described on Schedule II attached hereto and made a part hereof. Such payment and delivery is herein called the ***"Closing."*** The Bonds will be delivered in denominations as set forth in the Indenture as definitive Bonds in fully-registered form. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("***DTC***"). One fully-registered Bond certificate for each maturity of the Bonds in the principal amount of such maturity (as set forth in Schedule I thereto) will be deposited with DTC, or delivered to the Paying Agent for "FAST" delivery prior to the Closing pursuant to the rules and procedures of DTC.

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

6. **Events Permitting Purchaser To Terminate**. (a) The Purchaser shall have the right to cancel its obligations to purchase the Bonds if between the date hereof and the date of the Closing, (i)(A) legislation shall be enacted or be actively considered for enactment by the Congress, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration (the Purchaser acknowledges that no such legislation exists as of the date hereof), or (B) a decision by a Federal court of the United States or the United States Tax Court shall be rendered, or a ruling or regulation by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made with respect to Federal taxation upon interest on the Bonds, or (C) other action or events shall have occurred or transpired, any of the

foregoing of which has the purpose or effect, directly or indirectly, of adversely affecting the Federal income tax consequences of any of the transactions contemplated in connection herewith, or materially adversely affects the market for the Bonds or the ability of the Purchaser to enforce contracts for the sale of the Bonds at the contemplated offering price, or (ii) there shall exist any fact or any event shall have occurred which either (A) makes untrue or incorrect any statement of a material fact or material information contained in the Official Statement as then amended or supplemented or (B) is not reflected in the Official Statement as then amended or supplemented but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect and the City declines to amend the Official Statements in accordance with Section 11 or (iii) there shall have occurred any outbreak or escalation of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States being such as would materially adversely affect the market for the Bonds or the ability of the Purchaser to enforce contracts for the sale of the Bonds at the contemplated offering prices (the Purchaser acknowledges that no such outbreak, hostility, calamity or crisis exists as of the date hereof), or (iv) there shall be in force a general suspension of trading on the New York Stock Exchange or a general banking moratorium shall have been declared by Federal, Missouri or New York authorities, the effect of which on the financial markets of the United States is such as would materially adversely affect the market for the Bonds or the ability of the Purchaser to enforce contracts for the sale of the Bonds at the contemplated offering prices, or (v) there shall have occurred any material adverse change in the information concerning the City or the Developer contained in the Official Statement, or (vi) legislation shall be enacted, or actively considered for enactment by the Congress, with an effective date on or prior to the date of Closing, or a decision by a court of the United States shall be rendered, or a ruling or regulation by the SEC or other governmental agency having jurisdiction of the subject matter shall be made, the effect of which is that (A) the Bonds are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended, and as then in effect, or the Securities Exchange Act of 1934, as amended, and as then in effect, or (B) the Indenture is not exempt from the registration, qualification or other requirements of the Trust Indenture Act of 1939, as amended, and as then in effect, or (vii) a stop order, ruling or regulation by the SEC shall be issued or made, the effect of which is that the issuance, offering or sale of the Bonds, as contemplated herein or in the Preliminary Official Statement or the Official Statement, is in violation of any provision of the Securities Act of 1933, as amended, and as then in effect, the Securities Exchange Act of 1934, as amended, and as then in effect, or the Trust Indenture Act of 1939, as amended, and as then in effect, or (viii) the Official Statement is not executed, approved and delivered in accordance with Section 3 above.

(b) The City shall have the right to terminate this Purchase Contract if the Bonds are not purchased by the Purchaser for any reason on or prior to the Closing Time or if any event described in Section 6(a)(ii)(A) or (B) occurs.

7. **Conditions to Closing**. The obligations hereunder of each party hereto shall be subject (i) to the performance by the other party of its obligations to be performed hereunder at and prior to the Closing Time, (ii) to the accuracy in all material respects of the representations and warranties herein of the other party as of the date hereof and as of the Closing Time, and (iii) to the following conditions, including the delivery by the appropriate party or parties hereto or other entities of such documents as are enumerated herein:

(a) At the Closing Time, (i) the representations and warranties of the City contained in this Agreement shall be true, complete and correct in all material respects as if made on and as of the Closing Date, (ii) the Transaction Documents shall have been authorized, executed and delivered, and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Purchaser and the City, the Closing in all events, however, to be deemed such approval, (iii) the proceeds of the sale of the Bonds shall have been deposited and

applied as described in the Indenture and the Official Statement, (iv) the Official Statement shall have been executed and delivered by the City at or prior to the Closing in sufficient time to permit the Purchaser to comply with its obligations under Rule 15c2-12, (v) the City shall have duly adopted and there shall be in full force and effect such ordinances as, in the opinion of Bryan Cave Leighton Paisner LLP, Kansas City, Missouri ("***Bond Counsel***"), shall be necessary in connection with the transactions contemplated hereby, and (vi) the City shall have undertaken, pursuant to the Continuing Disclosure Agreement, to provide annual reports and notices of certain events.

(b) At or prior to the Closing Time, the Purchaser and the City shall have received counterparts, copies or certified copies (as appropriate) of the following documents in such number as shall be reasonably required:

(1) The approving opinion of Bond Counsel, dated the date of Closing, addressed to the City, the Trustee and the Purchaser in substantially the form set forth in an Appendix to the Official Statement.

(2) The supplemental opinion of Bond Counsel, dated the date of Closing, addressed to the City, the Trustee and the Purchaser in substantially the form of Exhibit B hereto.

(3) The opinion of the attorney to the City, dated the date of Closing, addressed to the City, Bond Counsel, the Trustee and the Purchaser, in substantially the form set forth on Exhibit C hereto.

(4) The opinion of counsel to the Purchaser, dated the date of Closing, addressed to the Purchaser and in form and substance satisfactory to the Purchaser.

(5) A certificate of the City, dated the date of Closing, signed by an official of the City, in form and substance satisfactory to the Purchaser and Bond Counsel.

(6) A certificate of the District, dated the date of Closing, signed by an official of the District, in form and substance satisfactory to the Purchaser and Bond Counsel.

(7) The Official Statement authorized and approved on behalf of the City by a duly authorized official thereof.

(8) The Bond Ordinance, duly adopted by the City.

(9) The Indenture, duly executed by the City and the Trustee.

(10) The Continuing Disclosure Agreement, duly executed by the City and the Dissemination Agent.

(11) The Tax Compliance Agreement, duly executed by the City and the Trustee.

(12) Other certificates listed on a closing agenda to be approved by counsel to the City, Bond Counsel, and the Purchaser, including any certificates or representations

of the City required in order for Bond Counsel to deliver the opinion referred to in Section 7(b)(1) of this Purchase Contract.

(13) Receipt of the City for the purchase price of the Bonds.

(14) A letter from S&P Global Ratings, a division of S&P Global, Inc., assigning a rating of "A" to the Bonds.

(15) Such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel, the Purchaser, or counsel to the City may reasonably request to evidence compliance with all legal requirements, the truth and accuracy, as of the Closing, of the representations herein and the due performance or satisfaction of all agreements then to be performed and all conditions then to be satisfied.

Unless performance is waived by the party or parties for whose benefit a condition or obligation is intended, if any person shall be unable to satisfy the above conditions to the obligations of any party to this Purchase Contract, or if the obligations hereunder of any party shall be terminated for any reason permitted by this Purchase Contract and unless otherwise waived, this Purchase Contract shall terminate and neither the Purchaser nor the City shall be under further obligation hereunder; except that the Purchaser's obligations to pay expenses, as provided in the last paragraph of Section 10 hereof, shall continue in full force and effect.

8. **Conditions to City's Obligations**. The obligations of the City hereunder are subject to the performance by the Purchaser of its obligations hereunder.

9. **Survival of Representations, Warranties and Agreements**. All representations, warranties and agreements of the City and the Purchaser, respectively, shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of any other party and shall survive the Closing.

10. **Expenses**. If the Bonds are sold to the Purchaser by the City on or prior to the Closing Time, the City shall pay out of the proceeds of the Bonds the following expenses incident to the performance of its obligations hereunder: (i) the cost of the preparation, printing and distribution of the Transaction Documents (for distribution on or subsequent to the date of execution of this Purchase Contract); (ii) the cost of the preparation of the Official Statement; (iii) the cost of preparation and printing of the definitive Bonds, if applicable; (iv) CUSIP fees; (v) Trustee fees; (vi) the fees and expenses of Bond Counsel, Purchaser's counsel, the municipal advisor, and any other experts or consultants retained by the City; and (vii) the expenses of the Purchaser for third-party continuing disclosure review, DTC and Ipreo.

If the Bonds are sold to the Purchaser by the City on or prior to the Closing Time, the City shall pay out of the proceeds of the Bonds the discount of the Purchaser or the purchase price paid for the Bonds shall reflect such discount.

The Purchaser shall pay: (i) the additional cost of printing copies of the Preliminary Official Statement and the Official Statement in excess of the costs of printing the number of copies set forth above in this Section 10; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by the Purchaser in connection with the public offering and distribution of the Bonds, including, but not limited to, the costs of Blue Sky registration.

11. **Amendments to Official Statement**. If, after the date of this Purchase Contract and until the earlier of (i) ninety (90) days after the "end of the underwriting period" (as defined in Rule 15c2-12) or (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than twenty-five (25) days following the end of the underwriting period, an event relating to or affecting the City shall occur as a result of which it is necessary, in the opinion of Bond Counsel or the Purchaser, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances then existing, the City will forthwith prepare and furnish to the Purchaser a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Purchaser) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements not misleading. The expenses of preparing such amendment or supplement shall be borne by the City to the extent that there are insufficient moneys in the Cost of Issuance Account of the Project Fund held under the Indenture. Thereafter, all references to and representations regarding the Official Statement contained herein shall refer to or regard the Official Statement as so amended or supplemented. For the purpose of this Section, the City will furnish to the Purchaser such information with respect to the City as the Purchaser may from time to time reasonably request.

12. **Third Party Beneficiary**. The City agrees that the Purchaser is and shall be a third party beneficiary of any and all representations and warranties made by the City in the Transaction Documents, to the same effect as if the City had made such representations and warranties to the Purchaser in this Purchase Contract.

13. **Notices**. Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing at its address set forth above and any notice or other communications to be given to the Purchaser under this Purchase Contract may be given by delivering the same in writing to the Purchaser at the following addresses:

Stifel, Nicolaus & Company, Incorporated
501 North Broadway
St. Louis, Missouri 63102
Attn: Martin J. Ghafoori

14. **Successors**. This Purchase Contract is made for the benefit of the City and the Purchaser (including the successors or assigns of the Purchaser) and no other person including any purchaser of the Bonds shall acquire or have any rights hereunder or by virtue hereof.

15. **No Pecuniary Liability; General Limitation on City Obligations.**

(a) Notwithstanding the language or implication of any provision, representation, covenant or agreement to the contrary, no provision, representation, covenant or agreement contained in this Purchase Contract or in the Indenture, the Bonds or any other document executed in connection with the transaction which is the subject hereof, or any obligation herein or therein imposed upon the City, or the breach thereof, shall constitute or give rise to or impose upon the City a pecuniary liability (except to the extent of any Pledged Revenues). No provision hereof shall be construed to impose a charge against the general credit of the City or any personal or pecuniary liability upon any director, officer, agent, alderman or employee of the City.

(b) ANY OTHER TERM OR PROVISION OF THIS PURCHASE CONTRACT OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION WITH THE TRANSACTION WHICH IS THE SUBJECT HEREOF TO THE CONTRARY NOTWITHSTANDING, THE CITY SHALL NOT BE

REQUIRED TO TAKE OR OMIT TO TAKE, OR REQUIRE ANY OTHER PERSON OR ENTITY TO TAKE OR OMIT TO TAKE, ANY ACTION WHICH WOULD CAUSE IT OR ANY PERSON OR ENTITY TO BE, OR RESULT IN IT OR ANY PERSON OR ENTITY BEING, IN VIOLATION OF ANY LAW OF THE STATE.

15. **Governing Law**. This Purchase Contract shall be governed by and construed in accordance with the laws of the State.

16. **Effectiveness**. This Purchase Contract shall become effective upon the date of execution hereof.

17. **Counterparts**. This Purchase Contract may be executed in any number of counterparts, each of which so executed and delivered shall constitute an original and all together shall constitute but one and the same instrument.

18. **Captions**. The captions or headings in this Purchase Contract are for convenience only and in no way define, limit or describe the scope or intent of any provisions or section of this Purchase Contract.

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

[Remainder of Page Intentionally Left Blank.]

Very truly yours,

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____
Authorized Officer

Accepted and agreed to as of
the date first above written:

CITY OF HARRISONVILLE, MISSOURI

By _____
Mayor

SCHEDULE I TO PURCHASE CONTRACT

MATURITY SCHEDULE

Stated Maturity	Principal Amount	Interest Rate	Price
November 1, 2018	$400,000	2.000%	100.071%
November 1, 2019	460,000	3.000	101.468
November 1, 2020	470,000	3.000	101.970
November 1, 2021	485,000	3.000	102.145
November 1, 2022	500,000	3.000	102.207
November 1, 2023	515,000	3.000	102.042
November 1, 2024	500,000	3.000	101.481
November 1, 2025	540,000	2.625	98.154
November 1, 2026	555,000	2.750	98.133
November 1, 2027	570,000	3.000	99.507
November 1, 2028	585,000	3.000	98.842

SCHEDULE II TO PURCHASE CONTRACT

Pursuant to Section 5 of the Purchase Contract, payment of the Bonds shall be made to the City by electronic transfer of immediately available funds in Kansas City, Missouri, or such other mutually agreeable arrangement.

EXHIBIT A

Purchaser's Receipt for Bonds and Closing Certificate

$5,580,000
City of Harrisonville, Missouri
Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds
(Harrisonville Towne Center Project)
Series 2018

The undersigned, Stifel, Nicolaus & Company, Incorporated (the **"Purchaser"**), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the **"Bonds"**).

1. ***Receipt for the Bonds*.** We acknowledge receipt on the date hereof from the Trustee of the Bonds, consisting of fully-registered Bonds numbered from 1 consecutively upward for each series in the denomination of $5,000 each or integral multiples thereof, dated as of the date of original delivery and payment therefor, delivered pursuant to the Indenture.

2. ***Compliance with Purchase Contract.*** We further acknowledge that the conditions to closing set forth in the Purchase Contract dated April 16, 2018 between the City of Harrisonville, Missouri (the **"City"**) and the Purchaser (the **"Purchase Contract"**) have been satisfied (except to the extent we have waived in writing for purposes of closing or consented to in writing to the modification of certain provisions thereof). Nothing contained herein shall affect our rights under the Purchase Contract and we retain the right to require future performance, upon reasonable written notice, of any condition to closing that has not been satisfied (and previously acknowledged in writing by the parties to the Purchase Contract prior to closing) and has, therefore, been waived for purposes of closing.

3. ***Issue Price.***

For purposes of this Section, the following definitions apply:

"Effective Time" means the time on the Sale Date that the Purchase Contract to purchase the Bonds became enforceable.

"Initial Offering Price" means the price listed on **Schedule 1** for each Maturity.

"Maturity" means Bonds with the same credit and payment terms; Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriting Firm or a related party to an Underwriting Firm. An Underwriting Firm and a person are related if it and the person are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other.

"Sale Date" means the date of execution of the Purchase Contract.

"Undersold Maturity" or "Undersold Maturities" means any Maturity for which less than 10% of the principal amount of Bonds of that Maturity were sold as of the Effective Time.

"Underwriting Firm" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The Purchaser represents as follows:

1. Attached as **Attachment 1** is a copy of the pricing wire or similar communication used to communicate the Initial Offering Price of each Maturity to the Public.

2. As of the Effective Time all the Bonds were the subject of an initial offering to the Public.

3. As of the Effective Time none of the Bonds were sold to any person at a price higher than the Initial Offering Price for that Maturity.

4. [[As of the Effective Time there were no Undersold Maturities.]][[For any Undersold Maturity, during the Holding Period each Underwriting Firm did not offer nor sell Bonds of the Undersold Maturity to the Public at a price that is higher than the respective Initial Offering Price for that Undersold Maturity.

5. Any separate agreement among any Underwriting Firm related to the sale of an Undersold Maturity during the Holding Period contained the agreement referenced in 4 above.]]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Compliance Agreement between the City and the Trustee dated as of April 1, 2018 and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bryan Cave Leighton Paisner LLP, Kansas City, Missouri, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Bonds.

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By:_____
Director of Public Finance

By:_____
Director – Municipal Syndicate

Dated: April 26, 2018.

ATTACHMENT 1

Initial Offering Price Documentation

[Attach Pricing Wire or Other Offering Price Documentation]

MATURITY, PRINCIPAL AMOUNT, INTEREST RATE, AND PRICE

EXHIBIT B

Form of Supplemental Bond Counsel Opinion

BRYAN CAVE LEIGHTON PAISNER LLP
One Kansas City Place, 1200 Main Street, Suite 3800, Kansas City, MO 64105-2122
T: 816 374 3200 F: 816 374 3300 bclplaw.com

April 26, 2018

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

Security Bank of Kansas City, as Trustee
Kansas City, Kansas

Re: $5,580,000 aggregate principal amount of Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2018

Ladies and Gentlemen:

This opinion supplements our approving legal opinion of even date herewith relating to the issuance of the above-captioned bonds (the "Bonds") by the City of Harrisonville, Missouri (the "City") pursuant to the terms of a Trust Indenture, dated as of April 1, 2018 (the "Indenture"), between the City and Security Bank of Kansas City, Kansas City, Kansas, as trustee (the "Trustee"). Terms not otherwise defined in this letter shall have the meanings ascribed thereto in the Indenture.

We have examined executed copies of (a) the Indenture, (b) the Redevelopment Agreement, (c) the TDD Agreement, (d) the Preliminary Official Statement dated April 6, 2018 (the "Preliminary Official Statement"), (e) the Official Statement dated April 16, 2018 (the "Official Statement"), and (f) the originals, or copies identified to our satisfaction, of such other laws, documents, certificates, instruments, opinions and records as we have considered necessary or appropriate for purposes of this opinion.

In our examination of the documents referred to above, we have assumed the genuineness of all signatures and the due authority of the parties executing such documents, the authenticity of all such documents submitted to us as originals, and the conformity to originals of all such documents submitted to us as copies. In addition, we have relied, as to factual matters, on certificates of public officials, officials of the City, and on other documents we have examined.

Based upon the foregoing, we are of the opinion that the Bonds constitute exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended , and Section 304 (a)(4)(B) of the Trust Indenture Act of 1939, as amended; and it is not necessary, in connection with the offering and sale of the Bonds, to register any security under the Securities Act of 1933, as amended, or to qualify the Indenture under the Trust Indenture Act of 1939, as amended.

As Bond Counsel, we have examined the originals or copies, certified or otherwise identified to our satisfaction, of the Official Statement, and such other documents, certificates, letters, opinions, records and other instruments as we deem necessary to render this opinion. In the course of the preparation of the Official Statement, we have generally reviewed information furnished to us by, and have participated in conferences with, representatives of the City; representatives of the Developer; representatives of the TDD and its counsel; and representatives of the Original Purchaser and its counsel; and have relied upon

certificates of officials of the City and of other public officials and persons as we have deemed appropriate. We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of such statements. We have, however, considered the information contained in the Preliminary Official Statement and the Official Statement and, based upon our review and discussions, and assuming the accuracy of the information contained in the aforementioned documents, certificates, opinions, records and instruments, nothing has come to our attention which leads us to believe that the Preliminary Official Statement, as of its date, or the Official Statement contains any untrue statement of a material fact, or omits 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. We express no view, however, as to any financial information or financial statements contained in the Preliminary Official Statement or the Official Statement or any Appendix thereto or any other financial, technical or statistical data or any estimates, projections, assumptions or expressions of opinions included in the Preliminary Official Statement or the Official Statement or any Appendix thereto.

This letter is furnished to you solely for your benefit, and is not to be circulated by you to potential purchasers of the Bonds and may not be relied upon by, or published or communicated to, any other person or in connection with any other transaction. By rendering the foregoing opinions, we do not undertake to advise you of any changes in laws or facts which may occur or come to our attention after the date hereof.

Sincerely yours,

BRYAN CAVE LEIGHTON PAISNER LLP

EXHIBIT C

Form of City Attorney Opinion

BRYAN CAVE LEIGHTON PAISNER LLP
One Kansas City Place, 1200 Main Street, Suite 3800, Kansas City, MO 64105-2122
T: 816 374 3200 F: 816 374 3300 bclplaw.com

April 26, 2018

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

Security Bank of Kansas City, as Trustee
Kansas City, Kansas

Re: $5,580,000 aggregate principal amount of Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2018

Ladies and Gentlemen:

We have acted as special counsel to the City of Harrisonville, Missouri (the "City") in connection with the issuance of the above-referenced bonds (the "Bonds") pursuant to (i) Sections 99.800 through 99.685 of the Revised Statutes of Missouri, as amended (the "TIF Act"), and (ii) the terms of a Trust Indenture, dated as of April 1, 2018 (the "Indenture"), between the City and Security Bank of Kansas City, Kansas City, Kansas, as trustee (the "Trustee"). Each capitalized term used herein and not otherwise defined shall have the meaning ascribed to it in the Indenture.

We have examined and relied, without independent investigation, as to matters of fact, upon originals or copies, certified or otherwise identified to our satisfaction, of the following:

(a) the Redevelopment Agreement dated December 22, 2005 (the "Redevelopment Agreement") between the City and D. J. Christie, Inc. (the "Developer") for the implementation of the Harrisonville Towne Center Tax Increment Financing Plan (the "TIF Plan");

(b) the Cooperative Agreement dated December 22, 2005, as amended pursuant to a First Amendment to Cooperative Agreement dated April 26, 2018 (collectively, the "TDD Agreement"), between the City and the Harrisonville Towne Center Transportation Development District (the "TDD");

(c) the Indenture;

(d) the Continuing Disclosure Agreement dated as of April 1, 2018, between the City and Security Bank of Kansas City, as dissemination agent;

(e) the Tax Compliance Agreement dated as of April 1, 2018, between the City and the Trustee;

(f) the Purchase Contract dated as of April 16, 2018, between the City and Stifel Nicolaus & Company, Incorporated; and

(g) such other records and instruments of the City, together with applicable certificates and such other documents, as we deem necessary and relevant in rendering this opinion.

The foregoing documents described in paragraphs (a) through (f) are herein defined as the "**Transaction Documents**."

In our examination of the foregoing, we have assumed the genuineness of all signatures, other than with respect to the City, the legal competence and capacity of natural persons, the authenticity of documents submitted to us as originals and the conformity with authentic original documents of all documents submitted to us as copies.

In connection herewith, we have assumed that, other than with respect to the City, all of the documents referred to in this opinion have been duly authorized by, have been duly executed and delivered by, and constitute the valid, binding and enforceable obligations of all of the parties to such documents, all of the signatories to such documents have been duly authorized and all such parties are duly organized and validly existing and have the power and authority (corporate or other) to execute, deliver and perform such documents.

Based upon the foregoing and in reliance thereon, and subject to the qualifications and limitations stated herein, we are of the opinion, under existing law, as follows:

1. The City is a fourth class city and political subdivision duly organized and existing under the laws of the State of Missouri. The City has all necessary power to carry on its present business, has full power, right and authority to enter into the Transaction Documents and to perform each and all of its obligations thereunder.

2. All ordinances relating to the approval of the TIF Plan, the Redevelopment Agreement, the TDD Agreement, the adoption of tax increment financing relating to the TIF Plan, the creation and formation of the TDD, an the issuance of the Bonds have been duly adopted by the Board of Aldermen of the City and approved by the Mayor of the City.

3. The execution, delivery and performance by the City of the Transaction Documents has been duly authorized by all necessary action by the City, and the Transaction Documents constitute the legal, valid and binding obligations of the City enforceable 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 that affect the rights and remedies of creditors and secured parties.

4. The execution and delivery, and the performance as of this date, by the City of the Transaction Documents does not and will not, to our knowledge, (a) violate any provision of any existing law, rule, regulation, order, writ, judgment, injunction, decree, determination or award as currently in effect to which the City is subject; (b) result in a breach of or constitute a default under the provisions of any indenture, loan or credit agreement or any other agreement, lease or instrument to which the City may be or is subject or by which it, or its property, is bound; or (c) result in, or require, the creation or imposition of any mortgage, deed of trust, assignment, pledge, lien, security interest or other charge or encumbrance of any nature or with respect to any of the properties of the City other than as provided therein.

5. No authorizations, consents, approvals, licenses, exemptions of or filings or registrations with any governmental commission, city, bureau, agency or instrumentality, domestic or foreign, or otherwise is necessary for the valid execution and delivery, and the performance as of this date, by the City of the Transaction Documents.

6. There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to our knowledge, threatened against or affecting the City, wherein an unfavorable decision, ruling or finding would materially adversely affect: (a) the transactions contemplated by, or the validity of, the Transaction Documents, 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 Transaction Documents; or (b) which in any way contests the existence, organization or powers of the City or the titles of the officials and officers of the City to their respective offices.

The phrases "known to us" and "to our knowledge" as used herein mean the current actual knowledge of attorneys of this firm who have devoted substantive attention to matters for the City in connection with the Transaction Documents, who are David Eric Reid and Stephen S. Sparks. Except to the extent expressly set forth herein, we have not undertaken any independent investigation to determine the existence or absence of any fact, and no inference as to our knowledge of the existence or absence of any fact should be drawn from our representation of the City or the rendering of the opinions set forth above.

Our opinions are limited to the laws of the State of Missouri and the federal law of the United States of America, and we do not express any opinion herein concerning any other law. Our opinions are further subject to the effect of generally applicable rules of law arising from statutes, judicial and administrative decisions, and the rules and regulations of governmental agencies that: (a) limit or affect the enforcement of provisions of a contract that purport to require waiver of the obligations of good faith, fair dealing, diligence and reasonableness; (b) limit the availability of a remedy under certain circumstances where another remedy has been elected; (c) limit the enforceability of provisions releasing, exculpating, or exempting a party from, or requiring indemnification of a party for, liability for its own action or inaction, to the extent the action or inaction involves gross negligence, recklessness, willful misconduct or unlawful conduct; (d) may, where less than all of the contract may be unenforceable, limit the enforceability of the balance of the contract to circumstances in which the unenforceable portion is not an essential part of the agreed exchange and (e) govern and afford judicial discretion regarding the determination of damages and entitlement to attorneys' fees.

Sincerely yours,

BRYAN CAVE LEIGHTON PAISNER LLP

FILE NUMBER 429711
OR BK 03215 PG 0526
RECORDED 03/26/2009 01:28:20 PM
RECORDING FEE 324.00
SANDRA A (SANDY) GREGORY, RECORDER OF DEEDS
CASS COUNTY, MISSOURI

C B

RECORDER OF DEEDS
CASS CO. MO.

(Space above reserved for Recorder of Deeds certification)

Title of Document: **Tax Increment Financing Redevelopment Agreement between the City of Harrisonville, Missouri and D.J. Christie, Inc. for the Harrisonville Towne Center Tax Increment Financing Plan**

Date of Document: **December 22, 2005**

Grantor(s): **City of Harrisonville, Missouri**

Grantee(s): **D.J. Christie, Inc.**

Mailing Address(s): **City of Harrisonville, Missouri**
Attn: City Clerk
300 E. Pearl Street
Harrisonville, MO 64701

Legal Description:

See Attached Exhibit A

Reference Book and Page(s)

COUNCIL BILL 087
REDEVELOPMENT AGREEMENT
EXHIBIT B

TAX INCREMENT FINANCING

REDEVELOPMENT AGREEMENT

BETWEEN

THE CITY OF HARRISONVILLE, MISSOURI

AND

D. J. CHRISTIE, INC.

FOR THE

HARRISONVILLE TOWNE CENTER

TAX INCREMENT FINANCING PLAN

Table of Contents

Page

1. Rules of Interpretation. 1
2. Definitions....2
3. Redevelopment Area....5
4. Redevelopment Project Areas....5
5. Project I and Project Improvements....5
6. Funding Sources and Uses of Funds. 6
7. Reimbursable Cost Categories....6
8. Project Budget....6
9. Development Schedule. 6
10. Developer's Duties 7
11. City's Duties....8
12. Conditions Precedent. 8
13. Tenant Approvals....9
14. Reserved....11
15. Design Criteria and Review Procedures. 11
16. Progress Reports. 12
17. Control of Project....12
18. Compliance with Laws 12
19. Certificate of Compliance....13
20. Payments in Lieu of Taxes....13
21. Economic Activity Taxes....14
22. Special Allocation Fund....15
23. Disbursements From Special Allocation Fund 15
24. Payment of Project Costs - Issuance of TIF Obligations....16
25. Payment of Project Costs - "As Collected" Basis....16
26. Sale or Disposition of Project Property. 16
27. Lease of Project Property....17
28. Full Assessment. 18
29. Assignment of Developer's Obligations. 18
30. Transfer of Interests in Developer 19
31. Permitted Uses 20
32. Indemnification. 20
33. Breach-Compliance....21
34. Excusable Delays....22
35. Notice....22
36. Modification....23
37. Effective Date 23
38. Recording....23
39. Applicable Law....23
40. Covenant Running With the Land 23
41. Administrative Costs and Expenses....24
42. Validity and Severability 24
43. Good Faith; Consent or Approval....24
44. Time and Performance are of the Essence....25

REDEVELOPMENT AGREEMENT

THIS AGREEMENT, is hereby entered into this 22 day of December, 2005, by and between THE CITY OF HARRISONVILLE, MISSOURI (the "City") and D. J. Christie, Inc., the developer selected by the City (the "Developer") to implement its Plan of redevelopment more fully described herein.

Recitals

A. The Tax Increment Financing Commission of Harrisonville, Missouri (the "Commission") on September 14, 2005, recommended that the City approve the Harrisonville Towne Center Tax Increment Financing Plan (the "Redevelopment Plan") in an area described in the Redevelopment Plan and determined to be a Blighted Area and as set forth in Exhibit A, attached hereto and incorporated herein by reference (the "Redevelopment Area"). The Redevelopment Plan provides for the construction of one (1) redevelopment project in Harrisonville, Missouri ("Project I"), which anticipates the construction of approximately 157,900 gross square feet of improvements to be used for the operation of businesses conducting retail sales, in the portion of the Redevelopment Area ("Redevelopment Area – Project I") designated on Exhibit B as "Redevelopment Area – Project I", together with the installation, repair, construction, reconstruction and relocation of certain streets and utilities; and

B. The Commission further recommended that the City select D. J. Christie, Inc. as the Developer to implement Project I of the Redevelopment Plan.

C. By Ordinance No. 2940, adopted by the Board of Aldermen of the City of Harrisonville (the "Board of Aldermen") on November 21, 2005, the City approved the Redevelopment Plan, declared the Redevelopment Area as a Blighted Area, selected the Developer to implement Project I of the Redevelopment Plan, and authorized the City to enter into an agreement with the Developer for the implementation of Project I described in the Redevelopment Plan.

D. The Redevelopment Plan contemplates that Project I will be designated by Ordinance as a redevelopment project in conformance with Missouri's Real Property Tax Increment Allocation Redevelopment Act Sections 99.800 to 99.865 R.S.Mo. 2000, as amended (the "Act").

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

1. Rules of Interpretation.

a. All capitalized words or terms used in this Agreement and defined in the Redevelopment Plan shall have the meaning ascribed to them in the Redevelopment Plan. In addition thereto, and in addition to words and terms defined elsewhere in this Agreement, the following words and terms shall have the meanings ascribed to them in this section unless the context in which such words and terms are used clearly requires otherwise.

b. Unless the context clearly indicates to the contrary or unless otherwise provided herein, the following rules of interpretation shall apply to this Agreement:

(1) The terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document; provided however, that nothing contained in this sentence shall be construed to authorize any such renewal, extension, modification, amendment or restatement other than in accordance with Section 36 of this Agreement.

(2) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Section, subsection and exhibit references are to this Agreement unless otherwise specified. 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.

(3) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing person shall include individuals, corporations, partnerships, joint ventures, associations, joint stock companies, trusts, unincorporated organizations and governments and any agency or political subdivision thereof.

(4) The table of contents, captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

2. Definitions.

(a) "Blighted Area," an area which, by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete plating, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals or welfare in its present condition and use;

(b) "City," the City of Harrisonville, Missouri;

(c) "City Code," the Code of Ordinances of the City of Harrisonville, Missouri;

(d) "Board of Aldermen," the governing body of Harrisonville, Missouri;

(e) "City Treasurer," the Finance Director of the City of Harrisonville, Missouri, or his or her designee;

(f) "Commission," the Tax Increment Financing Commission of Harrisonville, Missouri;

(g) "County Assessor," the assessor of Cass County, Missouri;

(h) "County Collector," the collector of Cass County, Missouri;

(i) "Debt Service," the amount required for the payment of interest and principal on TIF Obligations as they come due, for the payment of mandatory or optional redemption payments and for payments to reserve funds required by the terms of the TIF Obligations to retire or secure the TIF Obligations;

(j) "Developer," D. J. Christie, Inc., its successors and assigns;

(k) "Economic Activity Account," the separate segregated account within the Special Allocation Fund into which Economic Activity Taxes are to be deposited;

(l) "Economic Activity Taxes," fifty percent (50%) of the total additional revenue from taxes that are imposed by the City or other Taxing Districts, which are generated by economic activities within Redevelopment Area - Project I, while tax increment financing remains in effect, excluding licenses, fees or special assessments, other than payments in lieu of taxes, until the designation is terminated pursuant to subsection 2 of Section 99.850 of the Act;

(m) "Ordinance," an ordinance enacted by the Board of Aldermen;

(n) "Payment in Lieu of Taxes," those estimated revenues from real property in the Redevelopment Area, which revenues are to be used to retire TIF Obligations and pay other Reimbursable Project Costs, which Taxing Districts would have received had the City not adopted tax increment allocation financing, and which would result from levies made after the time of the adoption of tax increment allocation financing during the time the current equalized value of real property in the Redevelopment Area exceeds the Total Initial Equalized Value of real property in such area until the designation is terminated pursuant to subsection 2 of Section 99.850 of the Act, which shall not be later than 23 years after Project I to be developed in the Redevelopment Area is approved by an Ordinance of the Board of Aldermen. Payments in lieu of taxes that are due and owing shall constitute a lien against the real estate in the Redevelopment Area from which they are derived, the lien of which may be foreclosed in the same manner as a special assessment lien as provided in Section 88.861 R.S.Mo.;

(o) "Payment in Lieu of Taxes Account," the separate segregated account within the Special Allocation Fund into which payments in lieu of taxes are to be deposited;

(p) "Redevelopment Plan," The Harrisonville Towne Center Tax Increment Financing Plan;

(q) "Redevelopment Project Costs," include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, any such costs incidental to the Redevelopment Plan and Project I as shown on Exhibit C attached hereto. Such costs include, but are not limited to, the following:

(1) Costs of studies, surveys, plans and specifications; professional service costs, including, but not limited to, architectural, engineering, legal, marketing, financial, planning or special services, and including the reasonable costs incurred by the City or the Commission established in the Act for the administration of the Redevelopment Plan, such costs shall be allowed only as an initial expense which, to be recoverable, shall be included in the costs of the Redevelopment Plan and Project I;

(2) Property assembly costs, including, but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land;

(3) Costs of rehabilitation, reconstruction, repair or remodeling of existing buildings and fixtures;

(4) Financing costs, including, but not limited to, (i) all necessary and incidental expenses related to any interim loans obtained by the Developer for the purpose of funding the Reimbursable Project Costs and (ii) all necessary and incidental expenses related to the issuance of TIF Obligations, and which may include payment of interest on any TIF Obligations issued hereunder accruing during the estimated period of construction of the Redevelopment Projects for which such TIF Obligations are issued and including reasonable reserves related thereto;

(5) Costs of construction of public works or improvements;

(6) Relocation costs to the extent that the City determines that relocation costs shall be paid or are required to be paid by federal or state law; and

(7) Payments in lieu of taxes.

(r) "Reimbursable Project Costs," the portion of Redevelopment Project Costs that, pursuant to the Redevelopment Plan and this Agreement, are to be funded or reimbursed with Payments in Lieu of Taxes, Economic Activity Taxes or the proceeds of TIF Obligations and Special District Revenues, and which costs include those as are set forth in Exhibit C attached hereto plus all actual Financing Costs and Reimbursable Project Costs to include those costs incurred by the City or the Developer as a result of preparing, reviewing and adopting the Redevelopment Plan and Project I; designation of the Redevelopment Area and the Redevelopment Area - Project I; planning, financing, acquiring and constructing Project I and any other work authorized by the Redevelopment Plan; the oversight of the construction of Project I; the implementation of the Redevelopment Plan; and the management of the Special Allocation Fund as well as any and all costs associated with formation of the Special District;

(s) "School District," the Harrisonville R-IX School District;

(t) "Special Allocation Fund," the fund established by the City into which, as required by the Act, all Payments in Lieu of Taxes and Economic Activity Taxes are

deposited for the purpose of paying Redevelopment Project Costs and TIF Obligations incurred in the payment thereof;

(u) "Special District Obligations," bonds, loans, debentures, notes, special certificates, or other evidences of indebtedness issued by a Transportation Development District;

(v) "Special District," a Missouri Transportation Development District pursuant to Sections 238.200 to 238.275 RSMo 2000, as amended;

(w) "Taxing Districts," any political subdivision of this state having the power to levy taxes;

(x) "TIF Obligations," bonds, loans, debentures, notes, special certificates, or other evidences of indebtedness issued by the City pursuant to the Act to carry out Project I and related improvements or to fund outstanding obligations;

(y) "Total Initial Equalized Assessed Value," that amount certified by the County Assessor which equals the most recently ascertained equalized land assessed value of each taxable lot, block, tract or parcel of real property within Redevelopment Area - Project I immediately after tax increment financing for such area has been approved by the Board of Aldermen by an Ordinance.

3. Redevelopment Area. The Redevelopment Area consists of the area described in the Redevelopment Plan determined to be a Blighted Area and set forth in Exhibit A, attached hereto.

4. Redevelopment Project Area. The Redevelopment Area will be developed within the area more specifically identified in Exhibit B as Redevelopment Area - Project I, all in accordance with the provisions of the Redevelopment Plan. Tax increment financing for Redevelopment Area - Project I shall become effective only upon the approval thereof by an Ordinance of the Board of Aldermen; provided, however, that any such Ordinance may be changed, modified and/or amended only in accordance with the Act by appropriate Ordinance passed by the Board of Aldermen, upon the recommendation of the Commission. The Developer has been designated by the City as Developer for Redevelopment Area – Project I.

5. Project I and Project Improvements. In accordance with the Act and the terms and conditions of the Redevelopment Plan and this Agreement, to ameliorate or satisfy those conditions that are the basis for eligibility and designation of the Redevelopment Area as a Blighted Area, the Developer shall cause Redevelopment Area – Project I to be developed as Project I. In conjunction with Project I, the Developer shall fund and/or construct or cause to be constructed those improvements as set forth in the Redevelopment Plan (the "Project Improvements"). The Project Improvements include those improvements associated with the construction of a retail center of approximately 157,900 gross square feet and related public infrastructure improvements as identified in Exhibit E attached hereto in accordance with the Redevelopment Plan, this Agreement, a plan document as required for the applicable zoning district for each parcel, and all other applicable laws and regulations.

6. Funding Sources and Uses of Funds.

a. Private Funds. Private funds (the "Private Funds") will be the total of the Developer's equity, equity investment provided by third parties, and debt incurred by the Developer. Private Funds shall be used for funding of the Project Improvements. As provided in this Agreement and pursuant to Exhibit C, the Developer shall be reimbursed for that portion of the Project Improvement costs that are described as Reimbursable Project Costs from the proceeds of TIF Obligations or, in the event TIF Obligations are not issued, from Economic Activity Taxes and Payments in Lieu of Taxes generated by Project I and deposited in the Special Allocation Fund.

b. TIF Obligations. The proceeds from TIF Obligations may be used to fund actual Reimbursable Project Costs in accordance with Exhibit C, along with underwriting fees, original issue discounts, legal fees and other costs of issuance associated with the TIF Obligations.

7. Reimbursable Cost Categories. The Developer shall have the right and ability to adjust Developer Reimbursable Project Costs (as defined in the Redevelopment Plan) within, and among, reimbursable expense categories as shown on Exhibit C, so long as the total amount of Developer Reimbursable Project Costs does not exceed the total principal aggregate amounts shown on Exhibit C plus any actual Financing Costs, any actual costs associated with the formation of the Special District or any actual costs attributable to City's administrative costs as contemplated by Section 41 of this Agreement.

8. Project Budget.

a. The Project Improvements shall be constructed substantially in accordance with the Project Budget attached hereto as Exhibit C.

b. The Developer shall promptly notify the City of any material changes in Exhibit C that occur after the City's approval of the Redevelopment Plan.

9. Development Schedule.

a. It is the intention of the parties that development activities for Redevelopment Area - Project I be substantially commenced and completed on or before the dates set forth in Exhibit D, attached hereto and incorporated herein by reference (the "Development Schedule"). The parties hereto recognize and agree that market conditions, timely approval, funding and completion of Project Improvements and other conditions may affect the Development Schedule for the Project Improvements. Therefore, the Development Schedule for the Project Improvements is subject to change and/or modification, with the written approval of the City, which shall not be unreasonably withheld. In order to implement the Development Schedule, the City will endeavor to facilitate the timely passage of the Ordinance approving Project I referred to in Section 4. The Developer shall render such reasonable aid and assistance as requested by the City to insure favorable consideration of such Ordinances referred to in Section 4 by the Board of Aldermen. If the Developer does not comply with the Development Schedule as set forth above for reasons other than a City failure to complete its obligations under this Agreement, then, unless the Developer requests an amendment of such Development Schedule prior to such failure and as a result of such request for an amendment of the Development

Schedule, the amendment is so approved by the City, the City may require the Developer to appear before the Board of Aldermen to show cause why this Agreement shall not be terminated in accordance with Section 33 hereof.

b. The City shall not be obligated to issue any certificates of occupancy for structures within Redevelopment Area – Project I until the public infrastructure improvements identified on Exhibit E are substantially complete as determined by the City. The City shall determine that said improvements described herein are substantially complete at such time that each improvement is sufficiently complete in accordance with the applicable construction specifications so that the improvement is functional and can be utilized for its intended use; provided that, the City has received all required approvals, licenses, and other documents from any other governmental authority having jurisdiction over the improvement.

10. Developer's Duties. Subject to the City's full compliance with all of its respective covenants and agreements and the satisfaction of the conditions precedent in Section 12 herein, the Developer's duties are as follows:

a. The Developer shall comply with all applicable laws, ordinances, rules and regulations, and the provisions of this Agreement. The Developer shall also comply with the provisions of the Redevelopment Plan to the extent said documents are not inconsistent with this Agreement.

b. Subject to the provisions of Section 8, the Developer shall acquire or obtain control of all real property in Redevelopment Area – Project I as set forth in Exhibit B in accordance with the Development Schedule (Exhibit D).

c. Subject to the provisions of Section 8, the Developer shall construct all Project Improvements and shall complete all other development-related activities including, but not necessarily limited to: design, land preparation, environmental evaluation and remediation, construction, management, maintenance and procurement of private financing in sufficient time to comply with the Development Schedule (Exhibit D). Changes in the redevelopment program contemplated by the Redevelopment Plan that do not require a statutorily mandated Redevelopment Plan amendment may be made only by agreement of the parties hereto.

d. Subject to the provisions of Section 8 and Section 9, the Developer shall complete all redevelopment activities on or before the dates set forth in the Development Schedule, Exhibit D attached hereto, for such activities.

e. Subject to the provisions of Section 8, the Developer shall construct or cause the construction of the public infrastructure portions of the Project Improvements in accordance with the provisions of the City Code applicable requirements and of any other governmental authority having jurisdiction over the improvement.

f. The Developer shall take all necessary actions that are within the reasonable control of the Developer to establish a Transportation Development District pursuant to Chapter 238 RSMo 2000, as amended ("TDD") promptly after execution of this Agreement, said TDD to include the real property owned by the Developer in Project I (said TDD being referred to herein as "Special District"). The City hereby consents to such TDD formation so long as the petition

of formation is in a form attached as Exhibit F (the "TDD Petition") and the TDD project to be funded by the TDD includes the street improvements described therein. After the Special District has been formed, the Special District shall enter into a cooperative contract with the City in a form attached hereto as Exhibit G (the "Special District Contract"). Neither the Developer nor its successors in the ownership of any parcel in the Redevelopment Area shall contest the imposition of a sales tax within the boundaries of the Special District at the rate of one percent (1%).

g. The Developer shall use all reasonable efforts to acquire easements through that portion of the Redevelopment Area that is not included in Redevelopment Area – Project I as are necessary for sewer and other utility extensions as shown on the approved Preliminary Plat for the Harrisonville Towne Center.

11. City's Duties. Subject to the Developer's full compliance with all of its respective covenants and agreements and the satisfaction of the conditions precedent in Section 12 herein, the City hereby agrees as follows:

a. The City, as to such funds as are received by the City, shall, upon receipt of appropriate documentation and information, direct all Payments in Lieu of Taxes and Economic Activity Taxes as set forth in the Act generated from the Redevelopment Area to the Special Allocation Fund, and upon receipt of such funds collected by other Taxing Jurisdictions from such Taxing Jurisdictions, the City shall deposit such funds in the Special Allocation Fund.

b. The City shall take all necessary actions to issue TIF Obligations on or before February 1, 2006, in such amount as is necessary to produce a net project fund in an amount not less than the Reimbursable Project Costs.

c. The City shall use revenues deposited in the Special Allocation Fund to pay Reimbursable Project Costs as specified in Sections 24 and 25, as appropriate, herein; subject, however, to the provisions of Section 12 hereof.

d. Tax Increment Financing for Redevelopment Area - Project I shall become effective upon the approval thereof by a separate Ordinance of the Board of Aldermen. The City shall take all such actions as are necessary to ensure the timely consideration by the Board of Aldermen of such Ordinance.

e. The City shall take all reasonable actions to cooperate with the Developer in the Developer's duty to establish the Special District as specified in Section 10.f. herein, including entering into the Special District Contract.

12. Conditions Precedent.

a. To City's Duties. The City's obligations to issue TIF Obligations as described in Section 11(b) of this Agreement shall be subject to the occurrence of the following events.

(1) Loan term sheet commitments to the Developer for the total private financing for the Project Improvements (excluding Reimbursable Project Costs), shall be made by Gold Bank or such other financial institutions or entities reasonably acceptable

to the City. Such commitments shall include, without limitation, equity and/or construction loan financing.

(2) A Special District as defined herein, has been established, a Special District sales tax at a rate of one percent (1%) has been imposed on all properties within the boundaries of the Special District, and the Special District Contract has been executed as specified in Section 11.e. herein.

(3) The City has entered into an agreement with the Developer and Sutherland Lumber Company of Kansas City, LLC, obligating Sutherland Lumber to construct, open and operate a 135,000 square foot or larger retail home improvement anchor store in the Redevelopment Area – Project I for a period of no less than five (5) years.

b. To Developer's Duties. The Developer's obligations hereunder are expressly conditioned upon the occurrence of each of the following events on or before the dates set forth in the Development Schedule, Exhibit D hereto:

(1) The City's approval of the Developer's financing plan.

(2) The City's timely approval of all required zoning, subdivision and permit applications.

(3) The successful establishment of the Special District as provided in Section 10.f. herein and issuance of TIF Obligations in amounts sufficient to pay all Reimbursable Project Costs.

13. Tenant Approvals. The Developer shall have complete and exclusive control over the leasing or sales of property that it owns within the Redevelopment Area – Project I including, without limitation, the fixing of rentals and the selection or rejection of users; provided, however, that the City shall have the right to review and approve the following users within the Redevelopment Area:

a. Existing Users in the City. Without City approval, which approval shall not be unreasonably withheld, the Developer shall not cause the relocation of a tenant into the Redevelopment Area – Project I other than in the retail strip center, which has the following characteristics: (i) directly causes a reduction in the tax revenues generated for the affected taxing jurisdictions by the existing business at its current location and/or (ii) reduces the revenues that would otherwise be generated within the Redevelopment Area and deposited into the Special Allocation Fund for purposes of assisting in funding the Redevelopment Project Costs and (iii) is then open and operating in the City. Relocation of any existing users in the City in the retail strip center shall be limited to such businesses where any such relocation results in an expansion of the amount of net operating space of the business by a minimum of twenty-five percent (25%) as compared to the amount of net operating space being used at said business' existing location in the City.

b. Restaurants. Without City approval, which approval shall not be unreasonably withheld, the Developer shall not lease or sell more than one (1) of the outparcel lots in the Redevelopment Area – Project I for use as a Fast Food Restaurant as hereinafter defined. For the

purpose of this section a Fast Food Restaurant shall be defined as a restaurant that typically has one or more of the following characteristics:

(1) A "drive through" window;

(2) Less than 15 tables for the service of customers;

(3) No menu items in excess of $6.00;

(4) No waiter or waitress service; and

(5) No Liquor, wine or beer sales.

For the purpose of this section and notwithstanding the foregoing, (i) the following restaurants or reasonably similar restaurants shall be considered to be Fast Food Restaurants: McDonalds, Wendy's, Burger King, White Castle, Hardees, Jack in the Box, and Carl's Jr. and (ii) the following restaurants or reasonably similar restaurants shall not be considered to be fast food restaurants: Panera Bread, Chipotle, Red Robin, Steak 'n Shake, and Starbucks.

c. Used or Second Hand Merchandise Stores. Without City approval, the Developer shall not lease or sell space in the Redevelopment Area – Project I to a store whose primary business is the sale of used or second hand merchandise, a thrift shop or a flea market.

d. Gasoline Station/Convenience Stores. Without City approval, the Developer shall not by sale or lease locate more than one (1) gasoline station/convenience store on an outparcel lot in the Redevelopment Area – Project I. For the purpose of this section a gasoline station/convenience store shall be defined as a facility where as the primary business gasoline, diesel fuel and oil is be dispensed at retail with no automobile repair facilities. Uses may also include the sale of cold drinks, packaged foods, prepared foods that would otherwise constitute fast foods, tobacco and similar household convenience goods for station customers. As used herein, a gasoline station/convenience store shall not include a gasoline sales facility constructed and operated by a retail store whose primary business is not gasoline sales.

e. Auto Repair Businesses or Lube Shops. The Developer shall not, without City approval, sell or lease any of the Redevelopment Area – Project I to a store whose primary business is as an automobile repair or lube shop or similar business that includes garage doors as a primary feature of its facility; provided that an auto repair business or lube shop or similar business as described herein shall not include a retail business whose primary business is the sale of and installation of tires for motor vehicles. Without City approval, the Developer shall not by sale or lease locate more than one (1) such retail tire business in the Redevelopment Area – Project I except in the retail strip center where any garage doors are located at the rear of the building and there is no outdoor storage of goods or merchandise.

f. Non-Sales Tax Generating Businesses. The Developer shall not, without City approval, sell or lease any of the Redevelopment Area – Project I other than in the retail strip center to non-sales tax generating businesses such as office uses, banks, or fitness centers; provided that the total amount of space leased or sold to any such non-sales tax generating

businesses in the retail strip center shall not exceed in the aggregate twenty percent (20%) of the total finished floor space of the retail strip center portion of Project I.

14. Reserved.

15. Design Criteria and Review Procedures.

a. The Developer shall comply with and/or follow controls and design criteria relating to exterior improvements as a part of all zoning (including preliminary and final site development plans) and subdivision approvals (hereinafter collectively referred to as "Land Use Approvals") in order to create an integrated, unified design.

b. Construction plans for the Project Improvements shall conform to the Redevelopment Plan, Land Use Approvals, Commercial Design Guidelines attached hereto as Exhibit H, and this Agreement. In order to insure that the Project Improvements and their construction will be in accordance with the provisions of this Agreement, and in substantial agreement with proposals made by the Developer to the City, the parties agree as follows:

(1) No Project Improvements shall be commenced or made unless and until all the construction plans therefore, in the detail herein required, or any changes thereto, shall have been submitted to and approved in writing by the City or the City staff all in accordance with the Redevelopment Plan and Land Use Approvals.

(2) The City shall have the absolute right in its judgment and discretion at any time to approve a variance from conformance to, or a waiver of compliance with, the approved controls and design criteria relating to exterior improvements, or to eliminate any one or more of such requirements in connection with the approval or disapproval of the above construction plans or changes thereto, subject to all applicable City ordinance provisions.

(3) Subsequent to commencement of Project Improvements and until said Project Improvements have been completed, the Developer shall, as part of the report required by Section 16, describe in such detail as may reasonably be required by the City, the progress of the Developer in construction. During such period the work of the Developer shall be subject to inspection by representatives of the City as described in Section 17.

(4) Neither the City, nor any officer, director, commissioner, member, employee or agent of the same, shall be liable to the Developer with respect to construction plans or modifications submitted for approval, or for any other action in connection with its or their duties hereunder. The Developer agrees that it will not bring any action or suit to recover any damages against the City or any officer, director, commissioner, member, employee, or agent of any of them, arising or in any way connected with the approval of or failure to approve any construction plans or changes submitted by the Developer.

(5) In no event shall the review and approval by the City of construction plans or changes, or any information submitted in connection therewith, be deemed or

construed to be a determination that the same are in compliance with any laws, regulations or ordinances, nor shall review and approval relieve the Developer of any liability or responsibility in connection with such compliance.

16. Progress Reports.

a. On October 31 of each year until all Project Improvements are completed, the Developer shall report to the Board of Aldermen the progress of its implementation of Project I. At the first regularly-scheduled meeting of the Board of Aldermen following the fifth anniversary of the date of the approval of the Redevelopment Plan by the City, and on each five-year anniversary thereafter so long as Project I shall remain in effect, the Developer shall prepare and submit to the Board of Aldermen a detailed report on the progress of implementation of Project I. Such report shall include at least the following information and may contain such other information with regard to Project I as the Developer wishes to submit or the City may reasonably require:

(1) Project Improvements completed;

(2) status of Project Improvements in progress but not yet completed;

(3) actual assessed value of Redevelopment Area - Project I before and after completion of the Project Improvements as compared to Redevelopment Plan estimates;

(4) actual payments in lieu of taxes as compared to Redevelopment Plan estimates;

(5) actual Redevelopment Project Costs in Redevelopment Area - Project I compared to Redevelopment Plan estimates;

(6) actual start and completion dates of Project Improvements in Redevelopment Area - Project I compared to Redevelopment Plan estimates; and

(7) estimated start date of Project Improvements not yet commenced at date of report.

b. Developer shall from time to time furnish such other reports on specific matters not addressed by the foregoing as the City may reasonably require.

17. Control of Project. Except as otherwise provided in this Agreement, the Developer shall have complete and exclusive control over the construction of the Project Improvements that it owns or controls; subject, however, to all applicable laws, rules and regulations, including, but not limited to, all ordinances, rules and regulations of the City such as zoning ordinances, subdivision ordinances, building codes, property maintenance codes, and all other applicable provisions of the City Code. As to all parts of Project I, the Developer hereby grants to the City, its agents and employees the right to enter at reasonable times after reasonable notice for the purpose of inspecting Project I.

18. Compliance with Laws. At all times during the term of this Agreement and until termination of the Redevelopment Plan, but subject to the Developer's rights to contest the same

in any manner permitted by law, the Developer, its officers, directors and principals, at its sole cost and expense, shall comply in every respect with all applicable laws, ordinances, rules and regulations of all federal, state, county and municipal governments, agencies, bureaus or instrumentalities thereof now in force, or that may be enacted hereafter which pertain to the ownership, occupancy, use and operation of Project I and Redevelopment Area - Project I.

19. Certificate of Compliance. Upon the completion of each of Project I, the Developer shall submit a report certifying that the Project Improvements necessary or appropriate for that project have been completed in accordance with the Redevelopment Plan and that it is in compliance with all other provisions of this Agreement. The Developer shall, as part of its report, submit its certificate setting forth (a) the total cost of completing the Project Improvements and (b) Redevelopment Project Costs incurred that are eligible for reimbursement pursuant to the Redevelopment Plan or that have been paid for with private funds. The City may conduct an investigation and if the City determines that such project has been completed in accordance with the provisions of the Redevelopment Plan, as evidenced by a Certificate of Occupancy where appropriate and other required governmental approvals, and that all of Developer's duties pursuant to this Agreement have been performed, including formation of the Special District, then it shall issue a Certificate of Completion and Compliance and certify Redevelopment Project Costs as eligible for reimbursement. If the City determines that such project has not been completed in accordance with the provisions of the Redevelopment Plan, or that Redevelopment Project Costs have not been incurred as certified, or that the Developer is not in compliance with the terms of this Agreement, then it shall not issue a Certificate of Completion and Compliance and shall specify in writing the reason or reasons for withholding its certification. Upon request of the Developer, the City shall hold a hearing at which the Developer may present new and/or additional evidence.

a. The certification by the City shall be the determination of the satisfaction and release of the covenants in this Agreement, with respect to the obligations of the Developer to complete the Project Improvements within the dates for the beginning and completion thereof, but shall not prevent the City from action in the event of any subsequent default by the Developer in the performance of any of its other obligations under this Agreement.

b. Each such certificate issued by the City shall contain a description of the real property affected thereby and shall be in such form acceptable to the Parties.

20. Payments in Lieu of Taxes.

a. Pursuant to the provisions of the Redevelopment Plan and the Act, including, but not limited to, Section 99.845 thereof, when tax increment financing is established by Ordinance for Redevelopment Area - Project I, the real property located therein is subject to assessment for annual Payments in Lieu of Taxes. Payments in Lieu of Taxes shall be due November 30 of each year in which said amount is required to be paid and will be considered delinquent if not paid by December 31 of each such year. The obligation to make said Payments in Lieu of Taxes shall be a covenant running with the land and shall create a lien in favor of the City on each such tax parcel as constituted from time to time and shall be enforceable against the Developer and its successors and assigns in ownership of property in the Redevelopment Area.

b. Failure to pay Payments in Lieu of Taxes as to any property in Redevelopment Area - Project I shall constitute a default by the owner, assignee and/or tenant of such property of the provisions of Section 33 hereof, and shall entitle the City, the County Collector or any other government official or body charged with the collection of any such sums (any one or more of such persons hereinafter individually or collectively referred to as the "Collection Authority") to proceed against such property and/or the owner thereof in such Redevelopment Area - Project I as in other delinquent property tax cases, or otherwise as permitted at law or in equity, and, if applicable, such failure shall entitle the Collection Authority to seek all other legal and equitable remedies it may have to insure the timely payment of all such sums, or of the principal of and interest on, any outstanding TIF Obligations secured by such payments; provided, however, that the failure of any property in Redevelopment Area - Project I to yield sufficient payments in lieu of taxes because the increase in the current equalized assessed value of such property is or was not as great as expected, shall not by itself constitute a breach or default. Promptly upon the designation and approval of each of Redevelopment Area - Project I by Ordinance of the Board of Aldermen, the City shall use all reasonable and diligent efforts to promptly notify the County Collector, the City Treasurer and all other appropriate officials and persons and seek to fully implement the payments in lieu of taxes and reimbursements of Redevelopment Project Costs as provided in this Agreement and in the Redevelopment Plan.

c. Notwithstanding anything to the contrary herein, the lien on property within Redevelopment Area - Project I shall be deemed (1) released as to any public street or other public way included within any plat proposed by the Developer, effective upon the passage of an Ordinance by the City approving the same, and (2) subordinated to the lot lines, utility easements and other similar matters established by any such plat (but not to any private access or parking rights granted or created by any such plat), effective upon the passage of Ordinance by the Board of Aldermen as aforesaid, and to any easement or like interests granted to the City or any public utility for public facilities or utilities or connection(s) thereto.

21. Economic Activity Taxes.

In addition to the payments in lieu of taxes described herein, and pursuant to Section 99.845.3 of the Act, Economic Activity Taxes shall be allocated to, and paid by the City Treasurer, who shall deposit such funds in the Economic Activity Account. Following the approval of Project I, for as long as Redevelopment Area - Project I is subject to tax increment financing, Economic Activity Taxes shall be determined and deposited into the Economic Activity Account within the Special Allocation Fund in accordance with the following procedures (subject, however, to the provisions of Section 99.835 of the Act):

a. Documentation of Economic Activity Taxes. The Developer, its successors and assigns shall provide the City with documentation of sales tax receipts for each business in Redevelopment Area - Project I, indicating the type and amount of the Economic Activity Taxes paid by each such business located within Redevelopment Area - Project I. The Developer shall include provisions substantially similar to the provision as specified in Section 27 herein in all lease documents with tenants located within Redevelopment Area - Project I requiring said sales tax information to be provided to the City. A similar provision shall be included in all sales agreements with purchasers of property located in Redevelopment Area - Project I requiring said sales tax information to be provided to the City. The Developer shall enforce said provisions to the maximum extent permitted by law, and the Developer hereby agrees that each such lease or

sales agreement shall provide that the City is an intended third party beneficiary of such provisions and has a separate and independent right to enforce such provisions directly against any such tenant or purchaser. City shall comply with all applicable state laws limiting disclosure of sales tax information related to individual businesses provided to the City as documentation of Economic Activity Taxes.

b. Certification by City. The City, following reasonable research and investigation, using independent consultants, accountants and counsel shall certify the nature and amount of Economic Activity Taxes payable by each Taxing District that imposes Economic Activity Taxes from which Economic Activity Taxes are due.

c. Presentation to Taxing Districts. The City shall deliver by mail or hand delivery its certification of Economic Activity Taxes payable by each Taxing District that imposes Economic Activity Taxes to the governing body of each such Taxing District with a request that such Taxing District shall within thirty (30) days of receiving the certification or within thirty (30) days after receiving any such Economic Activity Tax, whichever is later, appropriate the amount of Economic Activity Taxes actually received and pay the appropriate sum to the City Treasurer.

d. Deposit of Funds. The City Treasurer shall deposit the payments of Economic Activity Taxes received from the respective Taxing Districts in the Economic Activity Account in the Special Allocation Fund, to be utilized and expended in accordance with the Act and the Redevelopment Plan.

22. Special Allocation Fund. The City Treasurer shall establish and maintain the Special Allocation Fund, which shall contain two separate segregated accounts. Payments in Lieu of Taxes shall be deposited into the PILOT Account within the Special Allocation Fund and Economic Activity Taxes shall be deposited into the Economic Activity Account within the Special Allocation Fund. Payments in Lieu of Taxes and Economic Activity Taxes so deposited and any interest earned on such deposits will be used for the payment of Reimbursable Project Costs, including the retirement of TIF Obligations, and for the possible distribution to the Taxing Districts in the manner set forth in the Redevelopment Plan.

23. Disbursements From Special Allocation Fund. All disbursements from the Special Allocation Fund will be made out of the two separate segregated accounts maintained within the Special Allocation Fund for Payments in Lieu of Taxes and Economic Activity Taxes. Such disbursements shall be made in the following manner and order of preference:

a. Debt Service. Funds in the Special Allocation Fund shall first be disbursed to pay Debt Service at the times and in the amounts provided by the terms of outstanding TIF Obligations, if any; provided, however, that all conditions precedent to the City's duties specified in Section 12.a. have occurred and further provided that if TIF Obligations are issued for only a portion of the Reimbursable Project Costs and the remainder of the Reimbursable Project Costs are to be reimbursed to the Developer from the Special Allocation Fund on an "as collected" basis as provided in Section 25, the amount of funds disbursed from the Special Allocation Fund to pay the Debt Service for said TIF Obligations shall be limited to an amount that is proportional to the amount of Reimbursable Project Costs funded by TIF Obligations as compared to the amount of the total Reimbursable Project Costs that have been incurred.

b. Reimbursable Project Costs. Funds in the Special Allocation Fund shall be disbursed to pay the Developer's reasonable Reimbursable Project Costs as they come due; provided, however, that such disbursement may only be made if, after such disbursement, the funds remaining in the Special Allocation Fund are sufficient to pay Debt Service payable in the then current calendar year, if any, and all conditions precedent to the City's duties specified in Section 12.a. herein have occurred.

24. Payment of Project Costs - Issuance of TIF Obligations. After the execution of this Agreement, the City may approve the issuance of TIF Obligations. TIF Obligations shall be payable from all or any portion of the moneys in the Special Allocation Fund as described in the Redevelopment Plan on terms and at an interest rate determined by market conditions at the time of issuance, the proceeds of which will be used to finance Reimbursable Project Costs incurred or to be incurred. Upon the Developers' presentation to the City of a certificate that details Reimbursable Project Costs (the "Certificate") incurred, the City shall review, verify and confirm the information included in the Certificate. If the City determines that the Certificate accurately reflects Reimbursable Project Costs and that all conditions precedent to the City's duties specified in Section 12.a. herein have occurred, it shall approve the same and, within thirty (30) days after said approval, make disbursement to the Developer of sufficient proceeds of the obligations to pay for the Reimbursable Project Costs identified in the Certificate.

25. Payment of Project Costs - "As Collected" Basis. If the Reimbursable Project Costs as estimated in Exhibit C are to be reimbursed from the Special Allocation Fund on an "as collected" basis rather than paid with proceeds from the sale of TIF Obligations, the Developer shall present to the City a Certificate which details the costs submitted for reimbursement or direct payment and certifies that said costs are reasonable Reimbursable Project Costs. The City shall review, verify and confirm the information included in said certificate and, if the City determines that it accurately reflects reasonable Reimbursable Project Costs, it shall approve the same and, within thirty (30) days after said approval, make disbursement to the Developer of sufficient proceeds of the Special Allocation Fund, to the extent such funds are available in the Special Allocation Fund, to pay for the Reimbursable Project Costs. If the City, pursuant to its review of such Certificate and supporting documentation, determines that any portion of the request for reimbursement are not properly Reimbursable Project Costs it shall state the reasons for such disapproval to the Developer immediately. Any such disapproval may be appealed to the Board of Aldermen.

26. Sale or Disposition of Project Property.

a. Purchasing Entity. As a condition precedent to the transfer of any property interest held by the Developer within the boundaries of the Redevelopment Area – Project I to any transferee, other than a Lender, the Developer shall require the transferee to enter into, and shall deliver to the City, an agreement obligating the transferee to comply with the requirements of the Redevelopment Plan and the obligations in this Agreement relating to the property. Upon execution of such agreement, the Developer shall be released from its obligations in this Agreement relating to said transferred property.

b. Continuation of Payments in Lieu of Taxes. Subject to the provisions of Section 26.a. above, the Developer, or any third party, may sell, transfer, convey or otherwise dispose of real property within Redevelopment Area - Project I. In the event of the sale or other

voluntary or involuntary disposition of any or all of the real property of the Developer or any third party in Redevelopment Area - Project I, payments in lieu of taxes with respect to the real property so sold or otherwise disposed of shall continue and shall constitute a lien against the property from which they are derived, and such obligations shall inure to and be binding upon the Developer and its successors and assigns in ownership of said property as if they were in every case specifically named and shall be construed as a covenant running with the land and enforceable as if such purchaser, transferee or other possessor thereof were originally a party to and bound by this Agreement.

c. Obligation to Ameliorate Existing Conditions. The Developer's undertakings pursuant to Section 5 hereof; unless earlier satisfied and certified pursuant to Section 19 hereof, shall inure to and be binding upon the heirs, executors, administrators, successors and assigns of the respective parties as if they were in every case specifically named and shall be construed as a covenant running with the land and enforceable against purchasers or other transferees as if such purchaser or transferee were originally a party to and bound by this Agreement.

d. Incorporation. The restrictions set forth above in Section 20.a. and b. (regarding PILOTs) as well as those set forth in Section 21 (regarding EATs) and Section 31 (regarding Permitted Uses), shall be incorporated into any deed or other instrument conveying an interest in real property, other than a lease agreement, within Redevelopment Area - Project I and shall provide that said obligations or restrictions shall constitute a benefit held by both the Developer and the City. Failure of the Developer to require that such restrictions be placed in any such deed or other instrument shall in no way modify, lessen or diminish the obligations and restrictions set forth herein relating to the Redevelopment Area or Redevelopment Area - Project I.

27. Lease of Project Property.

a. The Developer, or any third party, may lease, use or sell real property within Redevelopment Area - Project I. The Developer, or any third party, shall insert in any such transfer agreement a provision in substantial conformity with the following language and shall have such transfer agreement signed by the user indicating acknowledgment and agreement to the following provision:

> **Economic Activity Taxes: Tenant (User) acknowledges that the Leased Premises are a part of a Tax Increment Financing district ("TIF District") created by Harrisonville, Missouri (the "City") and that certain taxes generated by Tenant's (User) economic activities, including sales taxes, will be applied toward the costs of infrastructure improvements for the Development. Tenant (User) shall forward to the City copies of Tenant's (User) State of Missouri sales tax returns for its property located in the TIF District when and as they are filed with the Missouri Department of Revenue, and, upon request, shall provide such other reports and returns regarding other local taxes generated by (User) Tenant's economic activities in the TIF District as the City shall reasonably require, all in the format prescribed by them.**

Failure of the Developer to require that such restrictions be placed in any such lease or agreement shall in no way modify, lessen or diminish the obligations and restrictions set forth herein relating to the Redevelopment Area or Redevelopment Area - Project I. The City shall comply with all applicable state laws limiting disclosure of sales tax information related to individual businesses provided to the City as documentation of Economic Activity Taxes.

28. Full Assessment.

a. Redevelopment Area - Project I. After all TIF Obligations and Reimbursable Project Costs have been paid, but not later than twenty-three (23) years from the adoption of an Ordinance approving and designating each of Redevelopment Area - Project I, all property in the applicable Redevelopment Project Areas shall be subject to assessments and payment of all ad valorem taxes, including, but not limited to, City, State, and County taxes, based on the full true value of the real property and the standard assessment ratio then in use for similar property by the County Assessor, and Redevelopment Area - Project I shall be owned and operated by the Developer or its successors and assigns free from the conditions, restrictions, and provisions of the Act, of any rules or regulations adopted pursuant thereto, of the Ordinance, or the Redevelopment Plan, or of this Agreement.

b. Completion of Redevelopment Plan. Upon the payment of all Redevelopment Project Costs, retirement of TIF Obligations and the distribution of any excess moneys pursuant to Sections 99.845 and 99.850 of the Act, the Board of Aldermen shall adopt an Ordinance dissolving the Special Allocation Fund and terminating the designation of the Redevelopment Area as a redevelopment area under the Act. Thereafter the rates of the Taxing Districts shall be extended and taxes levied, collected, and distributed in the manner applicable in the absence of the adoption of tax increment financing, and the Redevelopment Area shall be owned and operated by the Developer free from the conditions, restrictions, and provisions of the Act, of any rules or regulations adopted pursuant thereto, of the Ordinance, of the Redevelopment Plan, and of this Agreement.

29. Assignment of Developer's Obligations.

a. The Developer represents that its undertakings pursuant to this Agreement are for the purpose of redevelopment.

b. Without limiting the rights of the Developer or any third party under Section 26.b. hereof, the Developer agrees that this Agreement and the rights, duties and obligations hereunder may not and shall not be assigned by the Developer, except as otherwise provided in this Section 29. The Developer will not assign its rights or delegate its duties and obligations under this Agreement without the prior written consent of the City, not to be unreasonably withheld, delayed or conditioned. For purposes of this section, it will be presumptively unreasonable for the City to withhold its consent to Developer conveying the Redevelopment Area, and assigning its rights and delegating its obligations under this Agreement, to a shopping center developer who, individually or when combined with a property management entity, demonstrates to the reasonable satisfaction of the City, the following: (i) a net worth using generally accepted accounting practices of in excess of $5,000,000; (ii) management of in excess of 300,000 square feet of Class A retail shopping center properties, and (iii) the ability to fulfill the duties and obligations of the Developer at a level equal to or higher than that of Developer. Any purported

assignment without consent of the City will be null and void. As a condition to the City granting consent, an assignee will expressly assume in writing the obligations of Developer hereunder. For purposes of this section, any sale, transfer, assignment, pledge or hypothecation of an interest in Developer (other than to an Affiliate of Developer) that results in a change in management control of Developer will constitute an assignment of this Agreement. Notwithstanding the foregoing:

(1) Developer may at any time without the City's consent convey the Redevelopment Area, assign its rights, and delegate its duties and obligations under this Agreement to any entity controlled by the Developer or the principals of the Developer, provided that the management of the entity is provided by the principals, or by an entity which they together or individually control.

(2) For so long as any of the principals of the Developer or their entities continues to be the managing member or managing partner of Developer or any successor entity to Developer, no sale, transfer, assignment, pledge or hypothecation of an interest in Developer, to an investor, or other person will be construed as resulting in a change of control or construed as constituting an assignment of this Agreement that requires the City's consent.

(3) No consent will be required under this section for any pledge or assignment of this Agreement or pledge or assignment of an interest in Developer or any interest in any member of Developer as collateral security for Developer's financing.

(4) No consent will be required under this section for any sale or lease of a parcel for the construction thereon of improvements to be used by the purchaser or lessee of the parcel or its affiliate or borrower (such as the sale, lease, or transfer of a retail building area for the construction and operation thereon).

Upon execution of an assignment agreement between Developer and any authorized assignee under this Section 29, Developer shall be released in full for any and all obligations set out in this Agreement that are assumed in writing by such authorized assignee.

30. Transfer of Interests in Developer. Members of the Developer shall, prior to the sale, conveyance or other transfer by any member of any interest in the Developer which involves participation in management except to another member, request approval of such transfer, and no such transfer shall be permitted except with the prior approval of the City, such approval not to be unreasonably conditioned, withheld or delayed. Upon submission by the Developer of any member request for transfer to the City, the City shall have the right to request such documentation and information as the City shall reasonably determine to be necessary or desirable to determine whether such transfer is acceptable to the City. Notwithstanding the foregoing, any member of and member of the Developer, may, without notice to or approval of the City, transfer interests in the member if such transfer does not result in a material change in the controlling interests of the Developer. In addition, this section shall not be construed to prohibit or require approval of the City for any transfers that occur by operation of law.

31. Permitted Uses. The Developer shall not take any action to permit uses within Redevelopment Area - Project I that do not conform to and are not permitted by the Redevelopment Plan or by this Agreement.

32. Indemnification.

a. The Developer shall indemnify, protect, defend and hold the City and its officers, directors, members, commissioners, employees and agents (collectively, the "Indemnified Parties" or, individually, an "Indemnified Party") harmless from and against any and all claims, demands, liabilities and costs, including reasonable attorneys' fees, costs and expenses, arising from damage or injury, actual or claimed, of whatsoever kind or character (including consequential and punitive damages), to persons or property occurring or allegedly occurring as a result of any acts or omissions of the Developer, its constituent members or partners, their employees, agents, independent contractors, licensees, invitees or others acting by, through or under such indemnifying parties, in connection with its or their activities conducted pursuant to this Agreement and/or in connection with the ownership, use or occupancy and development or redevelopment of the Redevelopment Area, Redevelopment Area - Project I or a portion thereof and the Project Improvements.

b. In the event any suit, action, investigation, claim or proceeding (collectively, an "Action") is begun or made as a result of which the Developer may become obligated to one or more of the Indemnified Parties hereunder, the Indemnified Party shall give prompt notice to the Developer of the occurrence of such event, but the failure to notify the Developer will not relieve the Developer of any liability that it may have to an Indemnified Party. After receipt of such notice, the Developer may elect to defend, contest or otherwise protect the Indemnified Party against any such Action, at the cost and expense of the Developer, utilizing counsel of the Developer's choice. The Indemnified Party shall have the right, but not the obligation, to participate, at the Indemnified Party's own cost and expense, in the defense thereof by counsel of the Indemnified Party's choice. In the event that the Developer shall fail timely to defend, contest or otherwise protect an Indemnified Party against such Action, the Indemnified Party shall have the right to do so, and (if such defense is undertaken by the Indemnified Party after notice to the Developer asserting the Developer's failure to timely defend, contest or otherwise protect against such Action), the Indemnified Party may submit any bills for fees and costs received from its counsel to the Developer for payment and, within five (5) business days after such submission, the Developer shall transfer to the Indemnified Party sufficient funds to pay such bills. The Developer acknowledges that such bills may be redacted to delete any information that would constitute attorney-client communication or attorney work product.

c. An Indemnified Party shall submit to the Developer any settlement proposal that the Indemnified Party shall receive. The Developer shall be liable for the payment of any amounts paid in settlement of any Action to the extent that the Developer consents to such settlement. Neither the Developer nor the Indemnified Party will unreasonably withhold its consent to a proposed settlement.

d. The Developer expressly confirms and agrees that it has provided this indemnification and assumes the obligations under this Agreement imposed upon the Developer in order to induce the City to enter into this Agreement. To the fullest extent permitted by law, an Indemnified Party shall have the right to maintain an action in any court of competent

jurisdiction to enforce and/or to recover damages for breach of the rights to indemnification created by, or provided pursuant to, this Agreement. If such court action is successful, the Indemnified Party shall be reimbursed by the Developer for all fees and expenses (including attorneys' fees) actually and reasonably incurred in connection with such action (including, without limitation, the investigation, defense, settlement or appeal of such action).

e. The right to indemnification set forth in this Agreement shall survive the termination of this Agreement.

33. Breach-Compliance.

a. If the Developer or the City does not comply with provisions of this Agreement, including provisions of the Redevelopment Plan, within the time limits and in the manner for the completion of Project I as therein stated, except for Excusable Delays (as defined in Section 34), in that the Developer or the City shall do, permit to be done, or fail or omit to do, or shall be about so to do, permit to be done, or fail or omit to have done, anything contrary to or required of it by this Agreement or the Act, and if, within ninety (90) days after notice of such default by the nondefaulting party to the defaulting party, the defaulting party shall not have cured such default or commenced such cure and be diligently pursuing the same if such cure would reasonably take longer than said ninety (90) day period (but in any event if the defaulting party shall not have cured such default within one hundred twenty (120) days), then the nondefaulting 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 by the party in default of its obligations and, in the case of default by the Developer, the City is granted the right to terminate this Agreement, the right to apply any deposit or other funds submitted by the Developer to the City in payment of the damages suffered by it, the right to withhold or apply funds from the Special Allocation Fund to such extent as is necessary to protect the City from loss or to ensure that the Redevelopment Plan and Project I are fully and successfully implemented in a timely fashion, and the right to withhold issuance of a Certificate of Completion and Compliance. Notwithstanding the remedies set forth above, under no circumstances shall the City refuse to reimburse the Developer for reimbursement of any valid Reimbursable Project Costs incurred by Developer on or before the date of any event of default in question. If any action is instituted by either party hereunder, the nonprevailing party in such action shall pay any and all costs, fees and expenses, including attorneys' fees incurred by the prevailing party in enforcing this Agreement.

b. 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 either 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 either party shall apply to obligations beyond those expressly waived.

c. The Developer (for itself and its successors and assigns, and for all other persons who are or who shall become liable, by express or implied assumption or otherwise, upon or subject to any obligation or burden under this Agreement), waives to the fullest extent permitted by law and equity all claims or defenses otherwise available on the ground of being or having become a surety or guarantor, whether by agreement or operation of law. This waiver includes, but is not limited to, all claims and defenses based upon extensions of time, indulgence or modification of terms of this Agreement.

d. Any delay by either party in instituting or prosecuting any such actions or proceedings or otherwise asserting its rights under this paragraph shall not operate as a waiver of such rights or limit them in any way. No waiver in fact made by either party of any specific default by the other party shall be considered or treated as a waiver of the rights with respect to any other defaults, or with respect to the particular default except to the extent specifically waived.

34. Excusable Delays. The parties understand and agree that the Developer shall not be deemed to be in default of this Agreement because of delays or temporary inability to commence, complete or proceed in accordance with Exhibit D hereto, Development Schedule, due in whole or in part to causes beyond the reasonable control or without the material fault of the Developer, which are caused by the action or inaction of any governmental body, including, but not limited to, failure to approve complete applications for permits that comply with all applicable laws and regulations within thirty (30) days of submission and failure to provide any consent required by this Agreement where all applicable requirements for said consent have been complied with within twenty (20) days of submission, acts of war or civil insurrection, breach of this Agreement by the City or any natural occurrence, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, acts of God, labor disputes, governmental restrictions or priorities, embargoes, litigation, tornadoes, shortage of available materials, acts of terrorism, or periods of inclement weather such as days of rain (collectively "Excusable Delays"). The time of performance hereunder shall be extended for the period of any delay or delays caused or resulting from any of the foregoing causes, which approval shall not be arbitrarily or unreasonably withheld. Nothing herein shall excuse the Developer from any obligation to pay money hereunder, nor shall this section excuse the Developer from performance of its obligations because of a lack of funds or inability to obtain financing, except as provided in Section 12.b. hereof and except if financing commitments obtained by the Developer and approved by the City as provided in this Agreement are not fulfilled by the party issuing such commitment through no fault of the Developer, in which case the Developer shall be entitled to additional time not to exceed one hundred eighty (180) days to obtain new financing commitments to be approved by the City in the same manner as provided herein for the initial financing commitments.

35. Notice. Any notice required by this Agreement shall be deemed to be given if it is mailed by United States registered mail, postage prepaid, and addressed as hereinafter specified.

Any notice to the City shall be addressed to:

City Administrator
300 East Pearl Street
Harrisonville, Missouri 64701

With a copy to:

T. Chris Williams
Williams & Campo, P.C.
200 NE Missouri Road, Suite 200
Lee's Summit, Missouri 64086

Any notice to the Developer shall be addressed to:

David Christie
D.J. Christie, Inc.
9400 Reeds Road, Suite 100
Overland Park, Kansas 66207

With a copy to:

James Grice
Spencer Fane Britt & Browne, LLP
1000 Walnut, Suite 1400
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.

36. Modification. The terms, conditions, and provisions of this Agreement and of the Redevelopment Plan can be neither modified nor eliminated except in writing and by mutual agreement between the City and the Developer. Any modification to this Agreement so approved shall be attached hereto and incorporated herein by reference.

37. Effective Date. This Agreement shall become effective on the date set forth herein and shall remain in full force and effect until the completion of all Project I Improvements in Project I of the Redevelopment Plan, as described herein, and so long as any TIF Obligations or Redevelopment Project Costs remain outstanding and unpaid.

38. Recording. Upon full execution by the City and the Developer, this Agreement shall be recorded by the City in the Cass County Office of the Recorder of Deeds.

39. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

40. Covenant Running With the Land. The provisions of this Agreement shall be covenants running with the land and shall remain in effect for the duration of the Redevelopment Plan and any renewal period or periods of the Redevelopment Plan at the end of which time they shall cease. They shall be binding, to the fullest extent permitted by law and equity, for the benefit and in favor of, and be enforceable by, the City, its successors and assigns, against the Developer, its successors and assigns, and every successor in interest to the subject real property, or any part of it or any interest in it and any party in possession or occupancy of the real property

or any part thereof (provided, subject to the provisions of Section 28.b. hereof, that any such covenants shall be binding on the Developer itself, such successor in interest to the subject property, and every part of the subject real property, and each party in possession or occupancy of the subject real property or any part thereof, only during their period of ownership).

41. Administrative Costs and Expenses. Subject to the successful issuance of TIF Obligations in accordance with this Agreement, the Developer shall reimburse the City for all reasonable documented, out-of-pocket expenses incurred in connection with the Redevelopment Area, the Redevelopment Plan, this Agreement, and the issuance of the TIF Obligations including attorney's fees, postage, mileage, copying costs, recording costs and similar expenses. Said reimbursements to the City shall be deemed Reimbursable Project Costs. As soon as the TIF Obligations are issued and proceeds are made available, the Developer shall have no further obligation to pay administrative costs hereunder. The City may withhold an administrative service fee to cover the administration and other City costs during the duration of the Redevelopment Plan. The administrative service fee shall be an amount equal to 1.00% of the annual collections in the Special Allocation Fund.

42. Validity and Severability. It is the intention of the parties hereto that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies of the State of Missouri and that the unenforceability (or modification to conform with such laws or public policies) of any provision hereof shall not render unenforceable, or impair, the remainder of this Agreement. Accordingly, if any provision of this Agreement shall be deemed invalid or unenforceable in whole or in part, this Agreement shall be deemed amended to delete or modify, in whole or in part, if necessary, the invalid or unenforceable provision or provisions, or portions thereof, and to alter the balance of this Agreement in order to render the same valid and enforceable. All exhibits attached hereto are hereby incorporated into this Agreement by reference.

43. Good Faith; Consent or Approval. In performance of this Agreement or in considering any requested extension of time, the parties agree that each will act in good faith, cooperate in expeditious and timely approvals, and will not act unreasonably, arbitrarily, capriciously or unreasonably withhold or delay any approval required by this Agreement. Except as otherwise provided in this Agreement, whenever consent or approval of either party is required, such consent or approval will not be unreasonably withheld, conditioned or delayed. The City agrees to reasonably cooperate with the Developer with respect to (i) applications for building permits from the City, and any permits or approvals required from any governmental agency, whenever reasonably requested to do so; provided, however, that all applications for such permits and approvals are in compliance with the applicable ordinances and regulations, approved plans and specifications, and all applicable codes, and (ii) securing any construction and permanent financing that the Developer may reasonably require in connection with the performance of its obligations under this Agreement. The Developer, in recognition of the significant public investment of the City; and the City, in recognition of the substantial financial commitment of the Developer, agree to cooperate in good faith to accomplish the expeditious and optimal utilization of the retail space in Redevelopment Area. The Developer agrees and acknowledges that in each instance in this Agreement or elsewhere where the City is required or has the right to review or give its approval or consent, no such review, approval or consent will imply or be deemed to constitute an opinion by the City, nor impose upon the City any

responsibility for the design or construction of building elements, including but not limited to the structural integrity or life/safety requirements or adequacy of budgets or financing or compliance with any applicable federal or state law, or local ordinance or regulation, including the environmental laws. All reviews, approval and consents by the City under the terms of this Agreement are for the sole and exclusive benefit of the Developer and no other person or party will have the right to rely thereon.

44. Time and Performance are of the Essence. Time and specific performance are of the essence of this Agreement.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

CITY OF HARRISONVILLE, MISSOURI

ATTEST:

Debbie Grant
Debbie Grant City Clerk

By: K W Wood
Mayor, Kevin Wood

APPROVED AS TO FORM:

T. Chris Williams
City Attorney

D. J. CHRISTIE, INC., a Texas corporation

ATTEST:

By: David J. Christie
Its: President

STATE OF MISSOURI)
) ss.
COUNTY OF CASS)

BE IT REMEMBERED, that on this 21 day of November, 2005, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Kevin Wood the Mayor of the City of Harrisonville, Missouri, a City duly incorporated and existing under and by virtue of the laws of the State of Missouri, who are personally known to me to be the same persons who executed, as such officials, the within instrument on behalf of and with the authority of said City, and such persons duly acknowledged the execution of the same to be the act and deed of said City.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

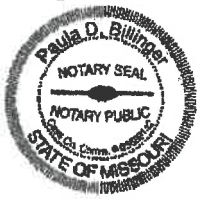
NOTARY PUBLIC

My Commission Expires:

04-14-2009

Paula D. Billinger
Notary Public - Notary Seal
STATE OF MISSOURI
Cass County Comm. #05539142
My Commission Expires April 14, 2009

[SEAL]



STATE OF ~~MISSOURI~~ Kansas)
) ss.
COUNTY OF Johnson)

BE IT REMEMBERED, that on this 22nd day of December, 2005, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came David J. Christie, the President of D. J. Christie, Inc., a _____ company, who is personally known to me to be the same person who executed the within instrument on behalf of D. J. Christie, Inc., and such person duly acknowledged the execution of the same to be the act and deed of D. J. Christie, Inc..

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

Melissa A Ehart
NOTARY PUBLIC

My Commission Expires:

12/29/08

[SEAL]

NOTARY PUBLIC - State of Kansas
MELISSA A. EHART
My Appt. Expires 12/29/08

SURVEYORS LEGAL DESCRIPTION OF REDEVELOPMENT AREA

A TRACT OF LAND LOCATED IN LOT 1 OF THE NORTHWEST QUARTER AND THE SOUTHWEST QUARTER, SECTION 4, TOWNSHIP 44 NORTH, RANGE 31 WEST, OF THE 5TH PRINCIPAL MERIDIAN, IN THE CITY OF HARRISONVILLE, CASS COUNTY MISSOURI, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID LOT 1 OF THE NORTHWEST QUARTER; THENCE S 89°28'05" E ALONG THE NORTH LINE OF SAID LOT 1 A DISTANCE OF 173.53 FEET; THENCE S 00°31'55" W A DISTANCE OF 30.00 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF LINDBERGH STREET, SAID POINT ALSO BEING THE POINT OF BEGINNING OF THE TRACT TO BE DESCRIBED; THENCE S 89°28'05" E ALONG SAID NORTH RIGHT-OF-WAY LINE A DISTANCE OF 1091.90 FEET TO THE POINT OF INTERSECTION OF SAID NORTH RIGHT-OF-WAY LINE AND THE WEST RIGHT-OF-WAY LINE OF COMMERCIAL STREET; THENCE ALONG SAID WEST RIGHT-OF-WAY LINE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 542.96 FEET, A CHORD BEARING OF S 09°54'53" E AND A CHORD DISTANCE OF 194.30 FEET, AN ARC LENGTH OF 195.35 FEET; THENCE S 00°21'44" W CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE A DISTANCE OF 548.90 FEET; THENCE S 06°39'52" W CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE A DISTANCE OF 273.48 FEET; THENCE S 02°49'48" W CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE A DISTANCE OF 291.93 FEET; THENCE CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 1086.00 FEET, A CHORD BEARING OF S 17°40'47" W AND A CHORD DISTANCE OF 370.25 FEET, AN ARC LENGTH OF 372.07 FEET; THENCE S 34°43'22" W CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE A DISTANCE OF 214.80 FEET TO THE INTERSECTION OF SAID WEST RIGHT-OF-WAY LINE AND THE NORTH RIGHT-OF-WAY LINE OF US HIGHWAY 71; THENCE N 88°02'53" W ALONG SAID NORTH RIGHT-OF-WAY LINE A DISTANCE OF 238.63 FEET; THENCE N 64°09'42" W CONTINUING ALONG SAID NORTH RIGHT-OF-WAY LINE A DISTANCE OF 281.78 FEET; THENCE N 36°41'14" W CONTINUING ALONG SAID NORTH RIGHT-OF-WAY LINE A DISTANCE OF 584.44 FEET; THENCE N 00°01'04" E A DISTANCE OF 1243.33 FEET TO THE POINT OF BEGINNING. CONTAINS 1,828,861 SF, 41.98 ACRES MORE OR LESS. SUBJECT TO EASEMENTS, RESERVATIONS AND RESTRICTIONS NOW OF RECORD.

LEGAL DESCRIPTION – Redevelopment Project I:

A TRACT OF LAND LOCATED IN LOT 1 OF THE NORTHWEST QUARTER AND THE SOUTHWEST QUARTER, SECTION 4, TOWNSHIP 44 NORTH, RANGE 31 WEST, OF THE 5TH PRINCIPAL MERIDIAN, IN THE CITY OF HARRISONVILLE, CASS COUNTY MISSOURI, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:
COMMENCING AT THE NORTHWEST CORNER OF SAID LOT 1 OF THE NORTHWEST QUARTER; THENCE S 89°28'05" E ALONG THE NORTH LINE OF SAID LOT 1 A DISTANCE OF 173.53 FEET; THENCE S 00°31'55" W A DISTANCE OF 30.00 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF LINDBERGH STREET,; THENCE S 89°28'05" E ALONG SAID SOUTH RIGHT-OF-WAY LINE A DISTANCE OF 1091.90 FEET TO THE POINT OF INTERSECTION OF SAID SOUTH RIGHT-OF-WAY LINE AND THE WEST RIGHT-OF-WAY LINE OF COMMERCIAL STREET; THENCE ALONG SAID WEST RIGHT-OF-WAY LINE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 542.96 FEET, A CHORD BEARING OF S 09°54'53" E AND A CHORD DISTANCE OF 194.30 FEET, AN ARC LENGTH OF 195.35 FEET; THENCE S 00°21'44" W CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE A DISTANCE OF 548.90 FEET; THENCE S 06°39'52" W CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE A DISTANCE OF 11.39 FEET TO THE POINT OF BEGINNING OF THE TRACT TO BE DESCRIBED; THENCE CONTINUING S 06°39'52" W ALONG SAID WEST RIGHT-OF-WAY LINE A DISTANCE OF 262.09 FEET; THENCE S 02°49'48" W CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE A DISTANCE OF 291.93 FEET; THENCE CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 1086.00 FEET, A CHORD BEARING OF S 17°40'47" W AND A CHORD DISTANCE OF 370.25 FEET, AN ARC LENGTH OF 372.07 FEET; THENCE S 34°43'22" W CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE A DISTANCE OF 214.80 FEET TO THE INTERSECTION OF SAID WEST RIGHT-OF-WAY LINE AND THE NORTH RIGHT-OF-WAY LINE OF US HIGHWAY 71; THENCE N 88°02'53" W ALONG SAID NORTH RIGHT-OF-WAY LINE A DISTANCE OF 238.63 FEET; THENCE N 64°09'42" W CONTINUING ALONG SAID NORTH RIGHT-OF-WAY LINE A DISTANCE OF 281.78 FEET; THENCE N 36°41'14" W CONTINUING ALONG SAID NORTH RIGHT-OF-WAY LINE A DISTANCE OF 584.44 FEET; THENCE N 00°01'04" E A DISTANCE OF 481.94 FEET; THENCE S 89°58'56" E A DISTANCE OF 1120.75 FEET TO THE POINT OF BEGINNING. CONTAINS 980,716 SF, 22.51 ACRES MORE OR LESS. SUBJECT TO EASEMENTS, RESERVATIONS AND RESTRICTIONS NOW OF RECORD.

EXHIBIT 5
PROJECT COSTS
OPINION of PROBABLE CONSTRUCTION COSTS*
HARRISONVILLE TOWNE CENTER TIF PLAN

November 15, 2005

Land Costs

NO.	ITEM	QUANTITY	UNIT	UNIT PRICE	TOTAL REDEVELOPMENT COSTS	TOTAL REIMBURSABLE COSTS
1		22.51	ACRES	83,373.03	2,075,000.00	2,075,000.00
	Total Land Costs (including commissions and closing costs)				*$2,075,000.00*	*$2,075,000.00*

On Site Construction Costs

A-NO.	ITEM	QUANTITY	UNIT	UNIT PRICE	TOTAL REDEVELOPMENT COSTS	TOTAL REIMBURSABLE COSTS
1	Mobilization	1.0	Lump Sum	50,582.63	50,582.63	50,582.63
2	Contractor Furnished Borrow	0	CY	8.00	0.00	0.00
3	Cut, Fill and Excvation	1	Lump Sum	575,029.12	575,029.12	575,029.12
4	Pavement	1	Lump Sum	1,069,788.10	1,069,788.10	1,069,788.10
5	Curb, Gutter and Sidewalk	1	Lump Sum	208,049.60	208,049.60	208,049.60
6	Storm Sewer	1	Lump Sum	160,277.54	160,277.54	160,277.54
7	Inlets / Junction Boxes	1	Lump Sum	51,997.60	51,997.60	51,997.60
8	Bridge Structures	3	Lump Sum	300,000.00	300,000.00	300,000.00
9	Water Main	1	Lump Sum	216,083.28	216,083.28	216,083.28
10	Fire Hydrants	6	Each	2,223.83	13,342.98	13,342.98
11	Sanitary Sewer (8"and 6")	1	Lump Sum	18,418.18	18,418.18	18,418.18
12	Sanitary Sewer (30")	1,400	LF	167.19	234,066.00	234,066.00
13	Sanitary Sewer Manholes	8	Each	2,755.08	22,040.64	22,040.64
14	Site Lighting and Signage	1	Lump Sum	96,800.59	96,800.59	96,800.59
15	Landscaping	1.0	Lump Sum	149,975.39	149,975.39	149,975.39
16	Erosion Control	1	Lump Sum	8,775.11	8,775.11	8,775.11
17	Irrigation	1	Lump Sum	70,200.88	70,200.88	70,200.88
18	Site Survey	1	Lump Sum	5,000.00	5,000.00	5,000.00
19	Site Engineering	1	Lump Sum	71,500.00	71,500.00	71,500.00
20	Geotechnical Engineering	1	Lump Sum	20,000.00	20,000.00	20,000.00
21	Site Construction Testing	1	Lump Sum	111,750.00	111,750.00	111,750.00
22	Legal	1	Lump Sum	100,000.00	100,000.00	100,000.00
23	Construction Management & Consultant Fees	1	Lump Sum	165,000.00	165,000.00	165,000.00
24	Development Fee	1	Lump Sum	75,000.00	75,000.00	75,000.00
25	Utility Relocation and Construction	1	Lump Sum	75,000.00	75,000.00	75,000.00
	Total				**$3,868,677.64**	**$3,868,677.64**
26	**Flat Contingency**				**$70,000.00**	**$70,000.00**
	Total On Site Construction Costs				***$3,938,677.64***	***$3,938,677.64***

Off Site Construction Costs

B-NO.	ITEM	QUANTITY	UNIT	UNIT PRICE	TOTAL REDEVELOPMENT COSTS	TOTAL REIMBURSABLE COSTS
1	Grading	1.0	LS	247,611.36	247,611.36	247,611.36
2	Pavement (12' total	1	LS	305,113.31	305,113.31	305,113.31
3	Asphalt Shoulders	0	LS	30.00	0.00	0.00
4	Right Turn Lanes	1	LS	137,269.52	137,269.52	137,269.52
5	RCB Extension (2-10x6)	0	LF	1,000.00	0.00	0.00
6	RCB Extension (2-12x10)	1	LS	41,300.00	41,300.00	41,300.00
7	Traffic Signal	0	LS	150,000.00	0.00	0.00
8	Storm Sewer	1	LS	67493.00	67,493.00	67,493.00
	Total				**$798,787.19**	**$798,787.19**
9	**Flat Contingency**				**$30,000.00**	**$30,000.00**
	Total Off Site Construction Costs				***$828,787.19***	***$828,787.19***

Building Costs

NO.	ITEM	QUANTITY	UNIT	UNIT PRICE	TOTAL REDEVELOPMENT COSTS	TOTAL REIMBURSABLE COSTS
1	Anchor	135,000.0	SF	70.00	9,450,000.00	
2	Shops	11,250	SF	80.00	900,000.00	
3	Out Parcel 1	4,500	SF	200.00	900,000.00	
4	Out Parcel 2	6,500	SF	225.00	1,462,500.00	
5	Out Parcel 3	6,500	SF	225.00	1,462,500.00	
	Bridge				100,000	
	Total				**$14,175,000.00**	
	Contingencies (10%)				**$1,418,000.00**	
	Total Building Costs				~~***$15,593,000.00***~~ 15,693,000	
TOTAL					$22,435,464.83	~~$6,842,464.83~~ $6,742,464.83

*The foregoing does not include any Costs of Financing, Interest, City Expenses or any Cost of Additional Improvements required by the City, all of which shall be reimbursable to the Developer in accordance with the Plan. Further, while every effort has been made to project realistic costs for this project, these costs are based upon the best available estimates at the time of preparation of this information, and do not account for unexpected site or project conditions and, therefore, are not guaranteed or maximum costs for this project.

EXHIBIT D

Development Schedule – Project I

Project	Start Date	Completion Date
1	2005	2007

EXHIBIT E

PUBLIC INFRASTRUCTURE

The public infrastructure will be constructed as generally outlined on the approved preliminary plat and conceptual site plan. Furthermore, the infrastructure shall be constructed to meet all Local, State, and Federal design and permitting criteria. It should be noted that the details regarding the public infrastructure will be outlined on the construction plans which must be approved by the City prior to the issuance of a notice to proceed with construction.

Sanitary Sewer:

The proposed site plan requires the Developer to relocate a public sanitary sewer main presently located along the northern portion of proposed lot 4. The relocation of said sanitary sewer shall be achieved by constructing a new 30 inch diameter interceptor sewer crossing the common boundary between lots 4 and 1 and extending along the western boundary of lots 2 and 3 to the northwest corner of lot 2. The 30 inch interceptor will continue from the northwest corner of lot 2 in a northeastern direction to the right of way of Commercial Street. The new 30 inch sewer will cross the Commercial Street right of way and connect to an existing Manhole located on the eastern Commercial Street right of way.

An additional 8 inch sanitary sewer line will be constructed along the western boundary of lot 1. The 8 inch sanitary sewer will be connected to an existing manhole located along the Highway 71 right of way near the southwest corner of lot 1. Said sanitary sewer will be constructed within a proposed 30 feet wide utility easement to be dedicated by the Developer

Public Water:

The Developer shall construct a new water main beginning at the existing public water main located along the western right of way of Commercial Street. The new main shall be connected to the existing public main near the Joy Street/Commercial Street intersection and extend along the northern section of lot 1 and 2 to the western boundary of lot 1. The main shall continue to the western section of lot 1 and extend near the western, southern and eastern boundary of lot 1 and reconnect to the new main to form a "loop' near the northeast corner of lot 1. Fire hydrant assemblies shall be provided along the main at roughly 300 feet of main length intervals.

Roadways:

The Transportation Project (the "Project"), consists of an improvement to Commercial street along Harrisonville Towne Center, (the "Center") including the widening of said street to accommodate a center turn lane North of the Highway 71 overpass to Lindberg along with the addition of a full access intersection to the Center and construction of right hand turn lanes to the Center.

Storm Water:

The developer will submit a storm water management plan and comply with all applicable ordinances and regulations.

IN THE CIRCUIT COURT OF CASS COUNTY, MISSOURI
SEVENTEENTH JUDICIAL CIRCUIT

_____, L.L.C., A _____ LIMITED LIABILITY COMPANY. _____ _____ Petitioner, vs. THE MISSOURI HIGHWAYS & TRANSPORATION COMMISSION, SERVE: Mari Ann Winter Secretary, Missouri Department of Transportation 105 Capital Avenue P.O. Box 270 Jefferson City, Missouri 65102, and THE CITY OF HARRISONVILLE, MISSOURI, a municipal corporation, SERVE: Debbie Grant, City Clerk 300 Pearl Street Harrisonville, Missouri 64701 Respondents.	)	Case No.:_____

PETITION FOR FORMATION OF A TRANSPORTATION DEVELOPMENT DISTRICT

Petitioner _____, L.L.C., pursuant to §§ 238.200, RSMo *et seq.*, for its Petition for Formation of a Transportation Development District, states as follows.

1. Petitioner is a _____ Limited Liability Company in good standing with, and authorized to do business in, the state of Missouri.

2. Respondent Missouri Highways & Transportation Commission, with an address of 105 Capital Avenue, P.O. Box 270, Jefferson City, Missouri 65102, is the "Commission", as indicated or contemplated under § 238.207.4(2), RSMo.

and, therefore, that any election for the election of a board of directors of the District and for the imposition of a retail sales tax under and pursuant to Section 238.235, RSMo 2000 shall be conducted among all property owners within the District; 5) certifying for qualified voter approval a transportation development district retail sales tax of up to one percent (1%) on all retail sales subject to taxation under and pursuant to Sections 144.010 through 144.525, RSMo 2000, within the District for a period of up to 25 years; 6) ordering that the question of whether a sales tax of up to one percent (1%) should be imposed by the District for a period of up to 25 years be submitted to all property owners within the District for an election by unanimous petition under and pursuant to Sec. 238.216(1)(3); 7)Certifying the results of the retail sales tax election; and 8) for reimbursement of their costs by the District when formed, including attorney's fees, and for such other and further relief as the Court deems just and proper.

Respectfully Submitted,

SPENCER FANE BRITT & BROWNE LLP

By _____

James W. Grice, Esq.
Missouri Bar No. 41644

1000 Walnut, Suite 1400
Kansas City, Missouri 64106-2140

Direct Telephone: 816-292-8157

Direct Telecopier: 816-474-3216

Internet: jgrice@spencerfane.com

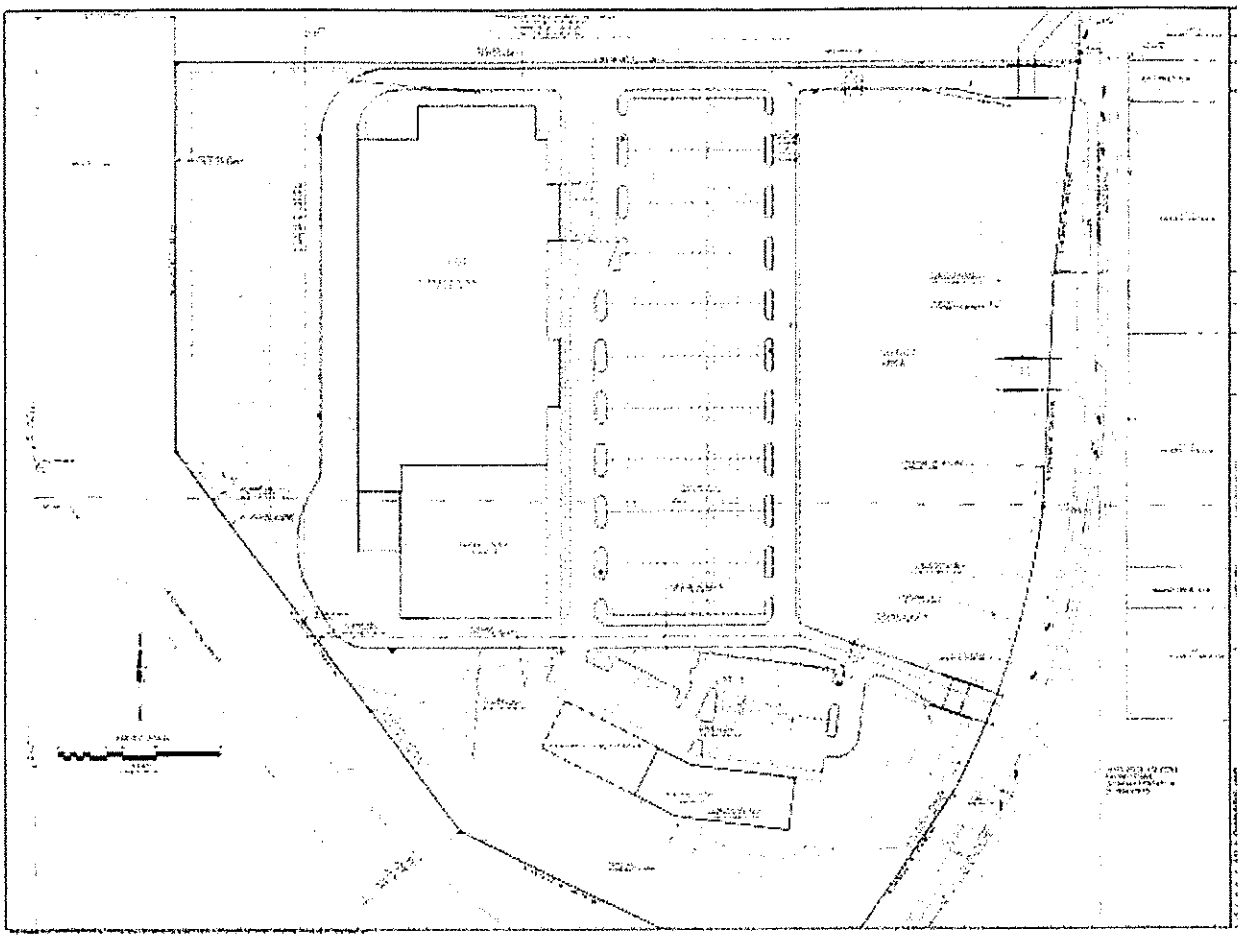
ATTORNEY FOR PETITIONER

Certificate of Service

The undersigned hereby certifies that copies of the above and foregoing Petition for the Formation of a Transportation Development District were hand-delivered, sent by facsimile, or mailed by first class mail, postage prepaid, as indicated, this ____ day of _____, 200_, to the following:

Rich Tiemeyer, Esq. (First Class Mail and Facsimile to 573-526-4408)
Rodney P. Massman, Esq.
Missouri Highways and Transportation Commission
105 West Capitol Ave.
P. O. Box 270

EXHIBIT A - MAP OF BOUNDARIES



WA 824466-1

EXHIBIT C - DESCRIPTION OF PROJECTS

The Transportation Project (the "Project"), consists of an improvement to Commercial street along Harrisonville Towne Center, (the "Center") including the widening of said street to accommodate a center turn lane North of the Highway 71 overpass to Lindberg along with the addition of a full access intersection to the Center and construction of 3 right hand turn lanes to the Center.

Project costs and scope include engineering, legal, and traffic studies, lighting, signage, pavement marking, cost of utilities relocation, and traffic control during construction.

COOPERATIVE AGREEMENT

AMONG

THE CITY OF HARRISONVILLE, MISSOURI,

and

THE HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT

Table of Contents

		Page
ARTICLE I	RULES OF INTERPRETATION AND DEFINITIONS	2
Section 1.01	Rules of Interpretation.	2
Section 1.02	Definition of Words and Terms.	3
ARTICLE II	COLLECTION OF FUNDS	5
Section 2.01	Collection of District Sales Tax.	5
Section 2.02	Administrative Fee for Collection of District Sales Tax.	6
Section 2.03	Enforcement of the District Sales Tax.	6
Section 2.04	Distribution of the District Sales Tax.	6
Section 2.05	Reserved.	7
Section 2.06	Records of the District Sales Tax	7
Section 2.07	Repeal of the District Sales Tax	7
ARTICLE III	DESIGN AND CONSTRUCTION OF DISTRICT PROJECTS	8
Section 3.01	Selection of Engineering Firm.	8
Section 3.02	Timing of Design.	8
Section 3.03	Approval of Preliminary Plans and Specifications.	8
Section 3.04	Approval Prior to Construction.	8
Section 3.05	Construction of District Projects.	9
Section 3.06	Completion of Construction.	9
Section 3.07	Acceptance of District Projects.	9
ARTICLE IV	OWNERSHIP AND MAINTENANCE OF DISTRICT PROJECTS	9
Section 4.01	Title to District Projects.	9
Section 4.02	Maintenance of District Projects.	10
Section 4.03	Insurance Requirements.	10
ARTICLE V	FINANCING DISTRICT PROJECTS	10
Section 5.01	District Sales Tax.	10
Section 5.02	Reimbursement of Prior Expenditures.	10
Section 5.03	Annual Budget and Payment of Operating Costs as Incurred.	11
Section 5.04	Issuance of TDD Obligations – District Responsibilities.	12
Section 5.05	Use of TDD Obligation Proceeds.	13
ARTICLE VI	SPECIAL COVENANTS	13
Section 6.01	Records of the District.	13
Section 6.02	Records of the City.	14
Section 6.03	Tax Covenants.	14
ARTICLE VII	EVENTS OF DEFAULT	15
Section 7.01	Events of Default.	15
Section 7.02	Remedies on Default.	15
Section 7.03	Rights and Remedies Cumulative.	15
Section 7.04	Waiver of Breach.	16
ARTICLE VIII	ASSIGNMENTS	16
Section 8.01	Assignment of District's Rights.	16
ARTICLE IX	REPRESENTATIONS	16
Section 9.01	Representations by the District.	16
Section 9.02	Representations by the City.	17
ARTICLE X	MISCELLANEOUS PROVISIONS	18
Section 10.01	Notices.	18
Section 10.02	Recording of Agreement.	18

COOPERATIVE AGREEMENT

This Cooperative Agreement (the "Agreement") is entered into on the ____ day of _____, 2005, **THE CITY OF HARRISONVILLE, MISSOURI** (the "City"), a Missouri municipal corporation and political subdivision, and **HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT** (the "District"), a Missouri transportation development district and political subdivision, which is the last date that either of the two (2) parties hereto execute this Agreement.

RECITALS

A. By Ordinance No. _____, adopted by the Board of Aldermen on _____, 2005, the City approved the Harrisonville Towne Center Tax Increment Financing Plan ("TIF Plan"), established a Redevelopment Area, declared the Redevelopment Area as a Blighted Area, and selected D.J. Christie, Inc. (the "Developer") to implement the Redevelopment Plan. The purpose of the TIF Plan is to devote Economic Activity Taxes and Payments in Lieu of Taxes to the removal of blighted conditions and the redevelopment of the property included in the Redevelopment Area.

B. By Ordinance No. _____, adopted by the Board of Aldermen on _____, 2005, the City approved the Tax Increment Financing Redevelopment Agreement ("TIF Agreement") between the Developer and the City and authorized the Mayor of the City to enter into the TIF Agreement with the Developer for the implementation of Redevelopment Project I as described in the TIF Plan.

C. On _____, 2005, the Developer and the City entered into the TIF Agreement, agreeing to the terms and conditions pursuant to which the Developer's obligations to construct Redevelopment Project I would be carried out and providing for the formation of the District.

D. Pursuant to the TIF Agreement, the City and the Developer agreed that the Developer would take all necessary actions to form the District and to cause the District's board of directors to enter into a cooperative agreement with the City.

E. The District was formed on _____, _____, by virtue of the Judgment entered by the Circuit Court of Cass County, Missouri as Case Number _____. The stated purpose of the District is to undertake the District Projects.

F. The District has imposed the District Sales Tax at the rate of one percent (1%) on retail sales in accordance with the TDD Act. The District Sales Tax is imposed and collected within the boundaries of the District, which overlaps the Redevelopment Area.

G. The District is authorized in accordance with the provisions of the TDD Act to perform all functions incident to the administration, collection, enforcement, and operation of the District Sales Tax.

Section 1.02 Definition of Words and Terms.

In addition to the words and terms defined elsewhere in this Agreement, the following capitalized words and terms, as used in this Agreement, shall have the meanings described below.

A. "Administrative Fee": That amount of the District Sales Tax Revenue that the City shall receive as compensation for performing the duties of collecting the District Sales Tax, pursuant to Section 2.02 of this Agreement.

B. "Board of Aldermen": The governing body of the City.

C. "City": The City of Harrisonville, Missouri.

D. "City Code": The Code of Ordinances of the City of Harrisonville, Missouri.

E. "Code": The Internal Revenue Code.

F. "Cooperative Agreement" or "Agreement": This cooperative agreement.

G. "Costs of Formation": Actual, reasonable costs and expenses approved by the City, which are incurred by the District or the Developer, to obtain circuit court approval of formation of the District and the imposition of the District Sales Tax, including but not limited to attorneys' and other professional service fees and expenses of filing and defending the petition and to call and hold the election for the District Sales Tax, including all publication and incidental costs related to any of the aforementioned activities.

H. "Developer": D.J. Christie, Inc., and its successors and assigns.

I. "District": The Harrisonville Towne Center Transportation Development District, a Missouri transportation development district and political subdivision of the State of Missouri.

J. "District Projects": Those projects listed in the Petition for Formation of a Transportation Development District, a copy of which is attached hereto as **Exhibit A**, and which are set forth more specifically in Exhibit C to said Petition, and such other projects as may be approved in accordance with this Agreement.

K. "District Sales Tax": The sales tax levied by the District on retail sales within its boundaries pursuant to the TDD Act in the amount of one percent (1%).

L. "District Sales Tax Revenues": Monies actually collected, pursuant to this Agreement and the TDD Act, from the imposition of the District Sales Tax.

M. "Economic Activity Taxes": Economic Activity Taxes, as defined by the TIF Act and captured by the TIF Plan.

V. "Redevelopment Project": The redevelopment project to be constructed by the Developer pursuant to the TIF Plan and the TIF Agreement.

W. "Reimbursement Agreement": That agreement between the District and the Developer, attached hereto as **Exhibit C**, pursuant to which the District agrees to reimburse the Developer actual and reasonable costs for expenditures made on behalf of the District, including Costs of Formation, Improvements Costs and Operating Costs.

X. "Reimbursement Agreement Costs": Actual and reasonable costs for expenditures made by the Developer on behalf of the District, including Costs of Formation, Improvement Costs and Operating Costs, and which may be reimbursed pursuant to the terms of this Agreement and the Reimbursement Agreement.

Y. "Special Allocation Fund": The fund created pursuant to the TIF Act for the TIF Plan into which the City deposits Economic Activity Taxes and Payments in Lieu of Taxes pursuant to the TIF Plan.

Z. "TDD Act": The Missouri Transportation Development District Act, Section 238.200, *et. seq.*, of the Revised Statutes of Missouri (2000, as amended).

AA. "TDD Obligations": bonds, loans, debentures, notes, special certificates, or other evidences of indebtedness issued by the District.

BB. "TIF Act": The Real Property Tax Increment Allocation Redevelopment Act, Section 99.800, *et. seq.*, of the Revised Statutes of Missouri (2000, as amended).

CC. "TIF Agreement": Defined above in the RECITALS, paragraph B.

DD. "Developer": Defined above in the RECITALS, paragraph A.

EE. "TIF Plan": Defined above in the RECITALS, paragraph A.

FF. "TIF Revenue": Economic Activity Taxes and Payments in Lieu of Taxes.

GG. "Trust Indenture": A Trust Indenture between the District and the Trustee, executed in connection with the issuance of TDD Obligations, if any.

HH. "Trustee": The Trustee, and its successor or successors and their respective assigns, as defined in a Trust Indenture, if any.

ARTICLE II
COLLECTION OF FUNDS

Section 2.01 Collection of District Sales Tax.

The City agrees to perform for the District, all functions incident to the administration, collection, and enforcement of the District Sales Tax, pursuant to the TDD Act and this

later than the fifteenth (15th) day of each month, distribute the District Sales Tax Revenues received in the preceding month in the following order of priority:

A. The City shall deduct one percent (1%) of the total District Sales Tax collected each month, for its Administrative Fee.

B. Pursuant to the TIF Act and the TIF Plan, as amended, one-half (1/2) of the District Sales Tax which is generated within the Redevelopment Area will be captured as Economic Activity Taxes and deposited by the City into the Special Allocation Fund.

C. The City shall deduct sufficient funds, if any, to maintain a balance of One Thousand and no/100 dollars ($1,000.00) in Enforcement Funds.

D. If TDD Obligations have been issued, the City shall transfer the remaining District Sales Tax to the Trustee for distribution in accordance with the Trust Indenture.

E. If TDD Obligations have not been issued, the City shall deposit the remaining District Sales Tax in a special trust account established by the City for payment of Improvement Costs and such other costs incurred by the District and approved by the City in accordance with the terms of this Agreement.

Section 2.05 Reserved.

Section 2.06 Records of the District Sales Tax.

The City shall keep accurate records of the District Sales Tax due and collected. Any City records pertaining to the District Sales Tax shall be provided to the District upon written request of the District, as permitted by law.

Section 2.07 Repeal of the District Sales Tax.

The District shall notify the City at least thirty (30) days in advance of the satisfaction in full of all outstanding obligations of the District and the completion of all projects authorized or to be authorized by the District. Upon full satisfaction of all obligations of the District and the completion of all projects authorized or to be authorized by the District, including, but not limited to the repayment of any TDD Obligations that may be issued, the District shall notify the City of such satisfaction and completion. If the City consents and does not identify additional projects to benefit the District, the District will implement the procedures in the TDD Act for repeal of the District Sales Tax and abolishment of the District; provided, however, the District shall not implement the procedures for repeal or modification of the District Sales Tax and abolishment of the District if 1) any District Sales Tax Revenue is due to the City for outstanding Administrative Fees or Enforcement Funds; 2) any of the District Projects are not yet finally complete; 3) any of the Improvement Costs have not been fully paid; 4) if the District, with the prior written consent of the City, has approved another project pursuant to the TDD Act; 5) all obligations of the Developer under the TIF plan are not satisfied; or 6) the City does not consent to repeal of the District Sales Tax and has identified additional projects to benefit the District.

Construction of all, or a portion of, the District Projects shall not commence until an appropriate construction permit is issued by the City.

Section 3.05 Construction of District Projects.

Following approval of plans and specifications for all or a portion of the District Projects, the District will solicit bids for construction of all, or the applicable portion, of the District Projects. All bids received will be submitted to the Public Works Department for review and comment. Selection of the lowest and best bid and the awarding of the contract to construct all or any portion of the District Projects by the District shall be subject to the reasonable approval of the Public Works Department.

Section 3.06 Completion of Construction.

Upon completion of all or any portion of the District Projects, the District shall deliver to the City a completion certificate signed by a representative of the engineering firm selected pursuant to Section 3.01, certifying that (1) the District Projects have been completed in accordance with the final plans and specifications as approved by the Public Works Department in accordance with this Agreement, and (2) all sums due to the contractor have been paid. The District shall provide, prior to construction, such payment and performance bonds as required by the City Code, and the District shall, following completion of construction, obtain from the contractor and assign to the City (with the consent of the contractor) such warranties and guarantees as City shall normally obtain in its public improvement projects.

Section 3.07 Acceptance of District Projects.

Following receipt of a completion certificate and prior to accepting all or any portion of the District Projects following construction, the District shall obtain the approval of the Public Works Department. The parties acknowledge that certain elements of the District Projects may not be included if the City were paying for and constructing the District Projects. Approval of the plans and specifications by the Public Works Department shall constitute acceptance of responsibility for maintenance by the City only of those elements of the District Projects that the City agrees to maintain. City approval of those elements of the District Projects that the City does not agree to maintain shall not constitute acceptance of responsibility for maintenance of those District Project elements. Maintenance and operation of those elements of the District Projects for which the City does not accept maintenance or ownership obligations under this Agreement shall be mutually agreed upon by the City and the District prior to acceptance of the applicable District Project by the Public Works Department pursuant to this Section.

ARTICLE IV
OWNERSHIP AND MAINTENANCE OF DISTRICT PROJECTS

Section 4.01 Title to District Projects.

Except as provided in Section 3.07 of this Agreement, title to all District Projects shall be vested in the City as and when they are completed. The District shall not assign, transfer, lease or otherwise dispose of any interest in the District Projects without first obtaining the prior written

accordance with this Agreement, the Developer may be reimbursed from District Sales Tax Revenues or upon the issuance of TDD Obligations, a portion of the proceeds of the TDD Obligations shall be used, in accordance with Section 5.05 of this Agreement, for the purpose of reimbursing to the Developer the Improvement Costs which have been approved and contracted in accordance with the terms of Article III of this Agreement. This reimbursement request shall be subject to prior approval by the City in accordance with Section 5.02.E of this Agreement.

C. Reimbursement Agreement Costs. The Developer has incurred or may incur Reimbursement Agreement Costs on behalf of the District. The Developer may be reimbursed from District Sales Tax Revenues, paid to the District in accordance with any Trust Indenture, for Reimbursement Agreement Costs in accordance with the terms of this Agreement and the terms of the Reimbursement Agreement attached hereto as **Exhibit C**. The Reimbursement Agreement shall not be amended without the consent of the City. This reimbursement request shall be subject to prior approval by the City in accordance with Section 5.02.E of this Agreement.

D. Operating Costs. The Developer may advance funds to pay Operating Costs of the District in its first fiscal year and each subsequent fiscal year, in accordance with the District's annual budget, until there are sufficient District Sales Tax Revenues paid to the District, in accordance with any Trust Indenture, to fund the District's annual budget. In no event shall the District incur more than the budgeted amount in any fiscal year for Operating Costs of the District, without the prior consent of the City, which consent shall not be unreasonably withheld, if the District demonstrates that the expenditures serve a legitimate District purpose. Operating Costs, to the extent advanced by the Developer, shall be reimbursed to the Developer by the District, from District Sales Tax Revenues paid to the District, in accordance with any Trust Indenture. This reimbursement request shall be subject to prior approval by the City in accordance with Section 5.02.E of this Agreement.

E. Reimbursement Procedure. Expenditures to be reimbursed pursuant to this Section 5.02 shall be submitted in writing by the District or the Developer to the City's Finance Director for City approval prior to reimbursement. The Finance Director shall review, verify and confirm the information included in the written request for reimbursement. The Finance Director may request additional documentation of reimbursement requests, within thirty (30) days of receipt of written request for reimbursement. If the City determines that the request accurately reflects reasonable reimbursable prior expenses, City shall approve the request. If the City has not requested additional documentation within thirty (30) days of receipt of a written request for reimbursement and the City has not approved or denied the written request for reimbursement within ninety (90) days of receipt of a written request for reimbursement, the request for reimbursement shall be deemed approved.

Section 5.03 Annual Budget and Payment of Operating Costs as Incurred.

A. Annual Budget. The fiscal year of the District shall be based on the calendar year. For each fiscal year of the District, the District shall, no earlier than one hundred eighty (180) days and no later than ninety (90) days prior to the first day of each fiscal year, submit a proposed budget for the upcoming fiscal year to the City Finance Director for review and

such time as the Condition Precedent set forth in subparagraph B of this Section 5.04, the District may issue TDD Obligations for the purpose of funding all, or an appropriate portion of, the Improvement Costs. The TDD Obligations shall be the obligation and responsibility of the District and the City shall have no responsibility for the TDD Obligations. The TDD Obligations shall not be a debt or general obligation of the City, as that term is used and defined in the Constitution and Statutes of the State of Missouri. The terms and conditions of the TDD Obligations, including interest rate, costs of issuance and other costs, shall be subject to approval by the City, which approval shall not be unreasonably withheld.

B. Condition Precedent. The District shall not issue any TDD Obligations until approval of the TDD Obligation issuance by the City, which approval may be granted or withheld in the sole and absolute discretion of the City.

Section 5.05 Use of TDD Obligation Proceeds.

A. The net proceeds of the sale of any TDD Obligations shall be paid over to the Trustee for the account of the District to pay all costs of issuance, to fund the project fund, the debt service reserve fund, and a capitalized interest fund, if any, and any other funds or accounts as authorized by the City and the District.

B. Funds deposited in the project fund shall be disbursed by the Trustee upon receipt by the Trustee of a request from the District at least two (2) business days prior to the date on which such funds are required to pay Improvement Costs which have been approved for payment by the District and the City.

C. Until such funds are requested by the District, the Trustee shall invest and reinvest money in the project fund in permissible investments under the Trust Indenture. Any earnings on such investments shall be deposited in the project fund and may be disbursed by the Trustee to pay or reimburse Improvement Costs upon receipt of a request in accordance with this Agreement.

D. Upon the receipt of a completion certificate, if applicable, pursuant to Section 3.06 of this Agreement, for District Projects funded with the proceeds of the series of TDD Obligations issued by the District, and verification that Improvement Costs related to a series of TDD Obligations have been paid, the District shall deliver to the Trustee a certificate in writing, stating that the applicable Improvement Costs have been paid in full. Upon receipt of such certificate by the Trustee, and written acceptance by the City of the certifications in such certificate, any money then held by the Trustee in the project fund shall be transferred by the Trustee to the debt service fund to be used for the payment of principal of and redemption premium, if any, on the TDD Obligations through the payment or redemption thereof at the earliest permissible date under the Trust Indenture.

ARTICLE VI
SPECIAL COVENANTS

Section 6.01 Records of the District.

B. Without limiting the generality of the foregoing, the District shall pay from time to time all amounts, if any, required to be rebated to the United States pursuant to Section 148(f) of the Code. This covenant shall survive payment in full or defeasance of the TDD Obligations.

C. The District covenants that it will: (i) not permit its income to inure to the benefit of any private person; (ii) use the original and investment proceeds of any TDD Obligations solely to pay Improvement Costs, fund reserve funds and to pay costs related to the issuance of such TDD Obligations; and (iii) after all the TDD Obligations have been paid, convey all of its right, title and interest in and to the District Projects to the City.

ARTICLE VII
EVENTS OF DEFAULT

Section 7.01 Events of Default.

If any one or more of the following events shall occur and be continuing, such event or events shall constitute an Event of Default under this Agreement:

A. Failure by the City to make a payment, and the continuance of such failure for ten (10) days following written notice to City from the District of such failure, or failure by the District to make a payment, in a timely manner as required by this Agreement; or

B. Failure by the City or the District in the performance of any other covenant, agreement or obligation imposed or created by this Agreement, and the continuance of such default for sixty (60) days after the non-defaulting party or the Trustee of any outstanding TDD Obligations has given written notice to the defaulting party specifying such default.

Section 7.02 Remedies on Default.

Subject to any restrictions contained in the Trust Indenture for any outstanding TDD Obligations against acceleration of the maturity of any such TDD Obligations, if any Event of Default has occurred and is continuing, then any non-defaulting party may, upon its election or at any time after its election while such default continues, by mandamus or other suit, action or proceedings at law or in equity, enforce its rights against the defaulting party and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of this Agreement.

Section 7.03 Rights and Remedies Cumulative.

The rights and remedies reserved by either party under this Agreement and those provided by law shall be construed as cumulative and continuing rights. No one of them shall be exhausted by the exercise thereof on one or more occasions. The District and the City shall each be entitled to specific performance and injunctive or other equitable relief for any breach or threatened breach of any of the provisions of this Agreement, notwithstanding availability of an adequate remedy at law, and each party hereby waives the right to raise such defense in any proceeding in equity.

to the issuance of any TDD Obligations and approvals to be granted by the City pursuant to this Agreement and relevant provisions of the City Code that shall be applied by the City to development in the Redevelopment Area and the District Projects.

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

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

Section 9.02 Representations by the City.

The City represents that:

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

B. The City has authority to enter into this Agreement and to carry out its obligations under this Agreement, and the Mayor has been duly authorized to execute and deliver this Agreement.

C. The City has taken all necessary action for the approval of the TIF Plan and the TIF Agreement.

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

Section 10.03 Immunity of Officers, Employees and Members of City and District.

No recourse shall be had for the payment of the principal of or premium or interest on any TDD Obligations or for any claim based thereon or upon any representation, obligation, covenant or agreement in this Agreement contained against any past, present or future officer, member, employee, director or agent of the City or the District, or, respectively, of any successor public or private corporation thereto, as such, either directly or through the City or the District, or respectively, any successor public or private corporation thereto, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, employees, directors or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Agreement.

Section 10.04 Amendments.

A. Prior to the issuance of any TDD Obligations by the District, this Agreement may be amended from time to time by the mutual agreement of the City and the District.

B. After the issuance of any TDD Obligations by the District, this Agreement may be amended by the parties hereto without notice to or the consent of the owners of the TDD Obligations, for the purpose of curing any ambiguity or formal defect or omission in this Agreement or in connection with any other change which, in the judgment of the Trustee, does not materially and adversely affect the security for the owners of the TDD Obligations. No other amendments, changes or modifications of this Agreement shall be made without the giving of notice to and the obtaining of the written approval or consent of the owners of any TDD Obligations or the bond Trustee as required by any indenture.

Section 10.05 Survival.

In the event any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Agreement.

Section 10.06 Governing Law.

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

Section 10.07 Effective Date.

This Agreement shall be in effect from and after its execution by all of the parties and shall remain in effect until the District Projects which are approved pursuant to Article III of the Agreement are completed and any TDD Obligations are paid, or their payment has been provided for under the Trust Indenture, and the District is terminated pursuant to the TDD Act.

Section 10.08 Execution in Counterparts.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers or officials.

Executed by the City the _____ day of _____, 2005.

CITY OF HARRISONVILLE, MISSOURI

_____
Kevin Wood, Mayor

ATTESTED:

_____
Debbie Grant, City Clerk

APPROVED AS TO FORM:

_____
Legal Counsel

Executed by the District the _____ day of _____, 2005.

THE HARRISONVILLE TOWNE CENTER
TRANSPORTATION DEVELOPMENT DISTRICT

_____
Executive Director

STATE OF _____)
) ss.
COUNTY OF _____)

On this _____ day of _____, 2005, before me, the undersigned, a notary public in and for the county and state aforesaid, came _____, Executive Director of the **HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT**, a Missouri transportation development district and political subdivision, and who is personally known to me to be the same person who executed this Cooperative Agreement, and he duly acknowledged that he, as such Executive Director being authorized so to do by the board of directors of said transportation development district, executed this Cooperative Agreement for and on behalf of said transportation development district for the purposes therein contained, and acknowledged this Cooperative Agreement to be the free act and deed of said transportation development district.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

_____
Notary Public

My Commission Expires:

_____

_____
(Printed Name)

END OF DOCUMENT

EXHIBIT A

Petition for Formation of the Harrisonville Towne Center Transportation Development District

IN THE CIRCUIT COURT OF CASS COUNTY, MISSOURI
SEVENTEENTH JUDICIAL CIRCUIT

_____, L.L.C.,
A _____ LIMITED LIABILITY COMPANY.
_____
_____

Petitioner,

vs.

Case No.:_____

THE MISSOURI HIGHWAYS &
TRANSPORATION COMMISSION,

SERVE: Mari Ann Winter
Secretary, Missouri
Department of Transportation
105 Capital Avenue
P.O. Box 270
Jefferson City, Missouri 65102,

and

THE CITY OF HARRISONVILLE, MISSOURI,
a municipal corporation,

SERVE: Debbie Grant, City Clerk
300 Pearl Street
Harrisonville, Missouri 64701

Respondents.

PETITION FOR FORMATION OF A TRANSPORTATION DEVELOPMENT DISTRICT

Petitioner _____, L.L.C., pursuant to §§ 238.200, RSMo *et seq.*, for its Petition for Formation of a Transportation Development District, states as follows.

1. Petitioner is a _____ Limited Liability Company in good standing with, and authorized to do business in, the state of Missouri.

2. Respondent Missouri Highways & Transportation Commission, with an address of 105 Capital Avenue, P.O. Box 270, Jefferson City, Missouri 65102, is the "Commission", as indicated or contemplated under § 238.207.4(2), RSMo.

and, therefore, that any election for the election of a board of directors of the District and for the imposition of a retail sales tax under and pursuant to Section 238.235, RSMo 2000 shall be conducted among all property owners within the District; 5) certifying for qualified voter approval a transportation development district retail sales tax of up to one percent (1%) on all retail sales subject to taxation under and pursuant to Sections 144.010 through 144.525, RSMo 2000, within the District for a period of up to 25 years; 6) ordering that the question of whether a sales tax of up to one percent (1%) should be imposed by the District for a period of up to 25 years be submitted to all property owners within the District for an election by unanimous petition under and pursuant to Sec. 238.216(1)(3); 7)Certifying the results of the retail sales tax election; and 8) for reimbursement of their costs by the District when formed, including attorney's fees, and for such other and further relief as the Court deems just and proper.

Respectfully Submitted,

SPENCER FANE BRITT & BROWNE LLP

By _____

James W. Grice, Esq.
Missouri Bar No. 41644

1000 Walnut, Suite 1400
Kansas City, Missouri 64106-2140

Direct Telephone: 816-292-8157

Direct Telecopier: 816-474-3216

Internet: jgrice@spencerfane.com

ATTORNEY FOR PETITIONER

Certificate of Service

The undersigned hereby certifies that copies of the above and foregoing Petition for the Formation of a Transportation Development District were hand-delivered, sent by facsimile, or mailed by first class mail, postage prepaid, as indicated, this ____ day of _____, 200_, to the following:

Rich Tiemeyer, Esq. (First Class Mail and Facsimile to 573-526-4408)
Rodney P. Massman, Esq.
Missouri Highways and Transportation Commission
105 West Capitol Ave.
P. O. Box 270

EXHIBIT A - MAP OF BOUNDARIES

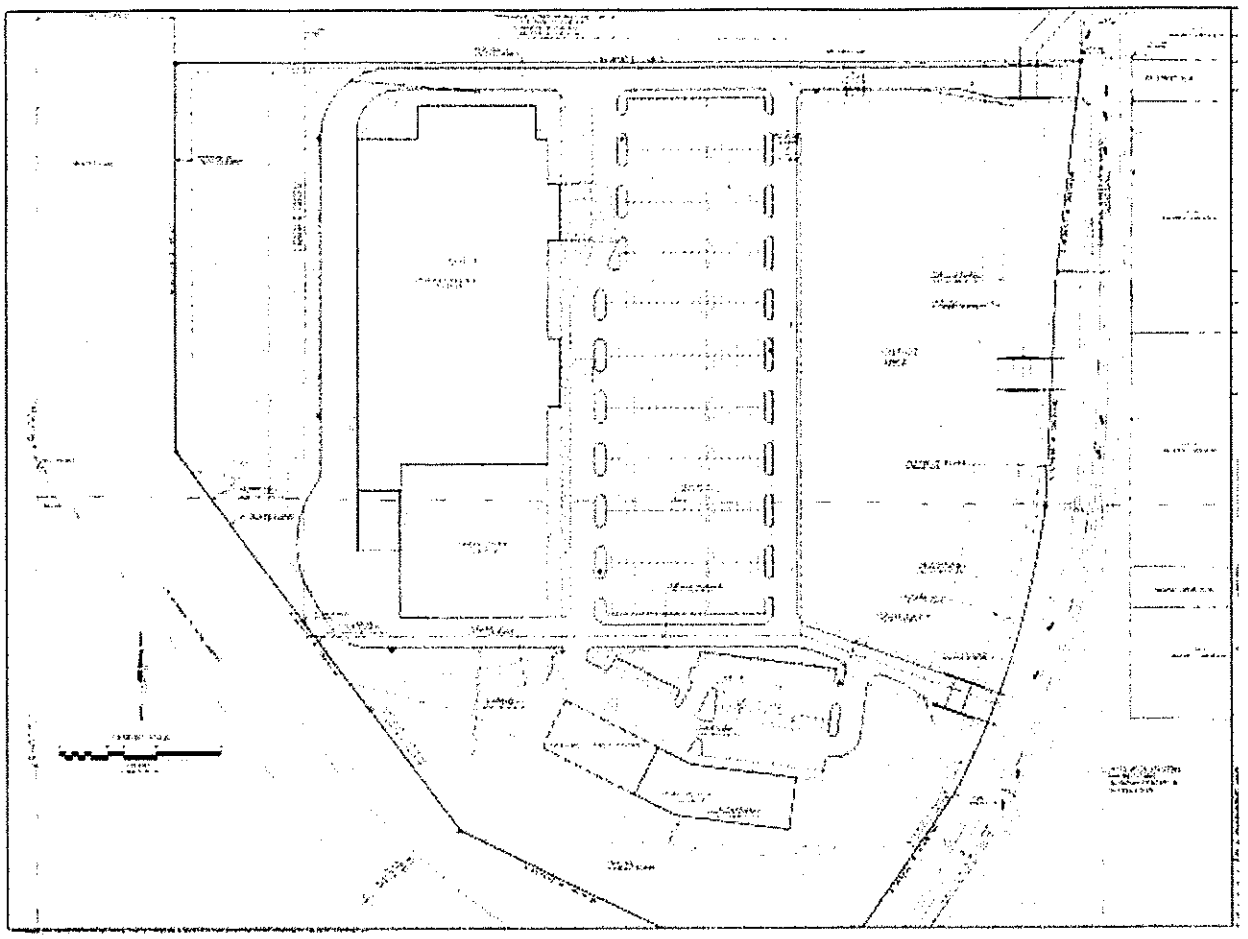


EXHIBIT C - DESCRIPTION OF PROJECTS

The Transportation Project (the "Project"), consists of an improvement to Commercial street along Harrisonville Towne Center, (the "Center") including the widening of said street to accommodate a center turn lane North of the Highway 71 overpass to Lindberg along with the addition of a full access intersection to the Center and construction of 3 right hand turn lanes to the Center.

Project costs and scope include engineering, legal, and traffic studies, lighting, signage, pavement marking, cost of utilities relocation, and traffic control during construction.

EXHIBIT B

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT AUTHORIZING THE CITY OF HARRISONVILLE TO PERFORM ALL FUNCTIONS INCIDENT TO THE ADMINISTRATION, COLLECTION, ENFORCEMENT, AND OPERATION OF THE DISTRICT SALES TAX AND PRESCRIBING THE FORMS AND ADMINISTRATIVE RULES AND REGULATIONS FOR REPORTING AND COLLECTING THE DISTRICT SALES TAX.

WHEREAS, the Harrisonville Towne Center Transportation Development District (the "District") was formed on _____, _____, by virtue of a judgment entered by the Circuit Court of Cass County, Missouri in Case Number _____ (the "Judgment"); and

WHEREAS, in accordance with the provisions of Chapter 238, RSMo, (the "TDD Act"), the District has imposed a one percent (1%) sales tax (the "District Sales Tax"); and

WHEREAS, the District desires to prescribe the forms and administrative rules and regulations for reporting and collecting the District Sales Tax; and

WHEREAS, the District desires to appoint the City of Harrisonville, Missouri, a Missouri municipal corporation and political subdivision (the "City"), as its authorized representative to perform all functions incident to the administration, collection, enforcement, and operation of the District Sales Tax.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT, AS FOLLOWS:

1. The District has imposed, effective _____, _____, on all sellers a tax for the privilege of engaging in the business of selling tangible personal property or rendering taxable services at retail, to the extent and in the manner provided in section 144.010 to 144.525, RSMo, and the rules and regulations of the director of revenue issued pursuant thereto, a District Sales Tax in the Harrisonville Towne Center Transportation Development District area, except that the tax shall be reported and returned to the Harrisonville Towne Center Transportation Development District or its authorized representative.

2. The District Sales Tax is imposed on all retail sales made in the District which are subject to taxation pursuant to the provisions of sections 144.010 to 144.525, RSMo, except the District Sales Tax shall not apply to the sale or use of motor vehicles, trailers, boats or outboard motors nor to all sales of electricity or electrical current, water and gas, natural or artificial, nor to sales of service to telephone subscribers, either local or long distance.

3. Every retailer within the District shall add the District Sales Tax imposed to the retailer's sale price, and when so added such tax shall constitute a part of the price, shall be a debt

11. Every retailer within the District shall file with the District or its authorized representative, a "District Sales Tax Return," attached to this Resolution as Exhibit 2, on or before the date that state sales tax is due for the retailer.

12. The District Sales Tax shall be paid to the District or its authorized representative, on or before the date that state sales tax is due for the retailer.

13. The District, or its authorized representative shall, at all reasonable times during business hours, have the authority to make an examination and inspection of the books and records of the retailer as may be necessary to determine the correctness of the reports required by this Resolution.

14. The City is hereby designated as the District's authorized representative to perform all functions incident to the administration, collection, and enforcement of the District Sales Tax, pursuant to the terms of the Cooperative Agreement among the District and the City.

15. These provisions of this resolution shall be the minimum requirements for administration, collection, enforcement and operation of the District Sales Tax, unless by amendment to the Revised Statutes of Missouri, subsequent to the passage of this resolution, a higher standard is required.

PASSED by the Board of Directors of the Harrisonville Towne Center Transportation Development District on _____, _____.

_____

Executive Director

EXHIBIT 1

BUSINESS REGISTRATION FORM
HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT

This form must be filed with the Harrisonville Towne Center Transportation Development District, or its authorized representative, within ten (10) days of a retailer being subject to the Harrisonville Towne Center Transportation District Sales Tax. No bond is required so long as the retailer possesses a valid Missouri Sales Tax License.

Missouri Integrated Tax System Account Number: _____

Business Name: _____

Business Address: _____

Mailing Address: _____

Contact Person: _____

Contact Telephone Number: _____

Type of Business Entity: _____

Name of Owner: _____

Address of Owner: _____

Type of Business: (Circle one or specify.)

1) Retail 2) Food Service 3) Entertainment 4) Other: _____

When will the business pay state sales tax? (Circle one.)

1) Quarter monthly 2) Quarterly 3) Monthly 4) Annually

If you have any questions regarding business registration in the Harrisonville Transportation Development District, please call the City of Harrisonville Finance Department at (816) 380-8900.

EXHIBIT 2
HARRISONVILLE TOWNE CENTER
TRANSPORTATION DEVELOPMENT DISTRICT

_____, Missouri _____

SALES TAX RETURN

FORM **NLTDD-1** (REV. 11-2002)	MISSOURI TAX ACCOUNT NUMBER:
	DO NOT WRITE IN SHADED AREAS

OWNER'S NAME	REPORTING PERIOD	ADDRESS CORRECTION MAILING ADDRESS BUSINESS LOCATION
BUSINESS NAME	FEDERAL EIN	BUSINESS PHONE NUMBER:
MAILING ADDRESS	TELEPHONE NUMBER ( )	DUE DATE:
CITY	STATE ZIP	

IMPORTANT: THIS RETURN MUST BE FILED FOR THE REPORTING PERIOD INDICATED EVEN THOUGH YOU HAVE NO GROSS RECEIPTS/TAX TO REPORT.

BUSINESS LOCATION	CODE	GROSS RECEIPTS	ADJUSTMENTS (INDICATE + OR -)	TAXABLE SALES	RATE (1%)	AMOUNT OF TAX
					1%	
					1%	
					1%	
PAGE 1 TOTALS						
PAGE _ TOTALS						
TOTALS (ALL PAGES)						1.

Detailed instructions for completing the Sales Tax Return are identical to those of the State of Missouri. A copy of your Missouri State Sales Tax Return for the same period must be attached to this form.

FINAL RETURN: If this is your final return, enter the close date below and check the reason for closing your account. The Sales Tax law requires any person selling or discontinuing business to make a final sales tax return within fifteen (15) days of the sale or closing

Date Business Closed: _____

Out of Business Sold Business Leased Business

SIGN AND DATE RETURN: This form must be signed and dated by the taxpayer or by the taxpayer's authorized agent. Mail to: Harrisonville Towne Center TDD, c/o City of Harrisonville, Finance Department, 300 Pearl Street, Harrisonville, MO 64701

I have direct control, supervision or responsibility for filing this return and payment of the tax due. Under penalties of perjury, I declare that this is a true, accurate and complete return.

I ATTEST THAT I HAVE NO GROSS RECEIPTS TO REPORT FOR LOCATIONS LEFT BLANK.

SUBTRACT: 2% TIMELY PAYMENT ALLOWANCE (if Applicable)	2. -
TOTAL SALES TAX DUE	3. =
ADD: INTEREST FOR LATE PAYMENT (See Line 4 of Instructions)	4. +
ADD: ADDITIONS TO TAX	5. +
SUBTRACT: APPROVED CREDIT	6. -
PAY THIS AMOUNT ..... (U.S. Funds Only) ..... ▶	7. =

SIGNATURE OF TAXPAYER OR AGENT	TITLE
DATED SIGNED	TAX PERIOD (MMDDYY) THRU (MMDDYY)

EXHIBIT C

REIMBURSEMENT AGREEMENT

This Reimbursement Agreement ("Agreement") is made and entered into effective as of the ___ day of _____, 2005, by and between the HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT (the "District"), a political subdivision of the State of Missouri, and D.J. CHRISTIE, INC. ("Developer").

RECITALS

A. By Ordinance No. _____, adopted by the Board of Aldermen on _____, 2005, the City approved the Harrisonville Towne Center Tax Increment Financing Plan ("TIF Plan"), established a Redevelopment Area, declared the Redevelopment Area as a Blighted Area, and selected the D.J. Christie, Inc. (the "Developer") to implement the Redevelopment Plan. The purpose of the TIF Plan is to devote Economic Activity Taxes and Payments in Lieu of Taxes to the removal of blighted conditions and the redevelopment of the property included in the Redevelopment Area.

B. By Ordinance No. _____, adopted by the Board of Aldermen on _____, 2005, the City approved the Tax Increment Financing Redevelopment Agreement ("TIF Agreement") between the Developer and the City and authorized the Mayor to enter into the TIF Agreement with Developer for the implementation of Redevelopment Project I as described in the TIF Plan.

C. On _____, 2005, the Developer and the City entered into the TIF Agreement, agreeing to the terms and conditions pursuant to which the Developer's obligations to construct Redevelopment Project I would be carried out and providing for the formation of the District.

D. Pursuant to the TIF Agreement, the City and the Developer agreed that the Developer would take all necessary actions to form the District and to cause the District's board of directors to enter into a cooperative agreement with the City.

E. The District was formed on _____, _____, by virtue of the Judgment entered by the Circuit Court of Cass County, Missouri as Case Number _____. The stated purpose of the District is to undertake the District Projects.

F. The District has imposed a sales tax at the rate of one percent (1%) on retail sales ("District Sales Tax") in accordance with the TDD Act. The District Sales Tax is imposed and collected within the boundaries of the District, which overlaps the Redevelopment Area.

G. Pursuant to the TIF Agreement, Developer has advanced funds for the establishment, maintenance and operation of the District, and will continue to advance such funds until such time as revenues available to the District are sufficient to provide funding for such costs.

8. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which together shall constitute by one and the same instrument.

In witness whereof, the parties have set their hands as of the date first above written.

HARRISONVILLE TOWNE CENTER
TRANSPORTATION
DEVELOPMENT DISTRICT

_____
Executive Director

(SEAL)

D.J. CHRISTIE, INC.

_____
President

SECTION 1: General Architectural Design Standards

1. The development design shall utilize the opportunities and reflect the constraints created by floodplains, slopes, soils, vegetation and other physical features.

2. All building elevations of pad site structures shall be finished with, at a minimum, the same level of architectural detail and quality as the primary structure(s) within the development.

3. Buildings shall be designed in an attractive and interesting manner to define the image of the community. No metal facades shall be allowed.

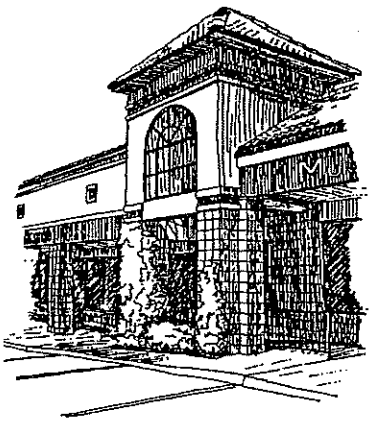
4. Consistent architectural design, including building materials and colors, should be carried throughout the development area. Designs should provide visual interest and variety, yet be consistent with the architectural character of area.

5. Architectural details such as texture, pattern, color, and building form used on the front facade shall be incorporated on all visible building facades. However, such requirements shall not apply to any façade(s) facing service courts or other areas generally not visible to the public.

6. Building materials should be similar to the materials of structures in the area. However, dissimilar materials may be permitted when incorporating other characteristics such as scale, form, architectural detailing and color to make the building compatible with the area.

7. Materials requiring low maintenance are recommended over high maintenance materials. For instance, materials with integral color are generally recommended over materials that require painting.

8. Foundation planters and trees should be incorporated around the building exterior to soften the building appearance.



SECTION 2: Gateway Design Standards

1. *Riparian Landscaping.* The frontage along South Commercial Street is a gateway to both the community and the Harrisonville Towne Center commercial development. The creek shall be developed as an amenity (riparian corridor) to the commercial development. All landscaping materials shall be installed in accordance to the *American Standard for Nursery Stock*. A landscape plan must be submitted prior to the establishment of landscaping. The preferred trees/shrubs to be used are outlined below.

   a. *Deciduous Shade Tree Species:*

Acer nigrum	Black Maple
Acer platanoides var.	Norway Maple
Rumbrum var.	Red Maple
Saccharum var.	Sugar Maple
Carya cordiformis	Bitternut Hickory
Carya ovata	Shagbark Hickory
Celtis occidentalis	Hackberry
Fraxinus americana var.	White Ash
cv. 'Autumn Purple'	
cv. 'Rosehill'	
Fraxinus nigra	Black Ash
Fraxinus pennsylvanica lanceolata	Green Ash
cv. 'Marshall's Seedless	
Glenditsia triacanthos	Thornless Honeylocust
Inermis var.	
Ginkgo Biloba	Ginkgo
Gymnoclaous dioicus	Kentucky Coffee Tree
Liquidamber styraciflua	American Sweet Gum
Lirodendren Tulipfera	Tulip Tree
Nyssa sylvatica	Black Tupelo
Plantanus Acerfolia	Plane Tree
Prunus serotina	Black Cherry
Quercus alba	White Oak
Quercus bicolor	Swamp White Oak
Quercus Borealis	Northern Red Oak
Quercus coccinea	Scarlet Oak
Quercus imbricaria	Shingle Oak
Quercus macrocarpa	Bur Oak
Quercus muhlenbergi	Chinkapin Oak

Quercus robur	English Oak
Tilia cordata var.	Little Leaf Linden
Tomentosa	Silver Linden
Sophora Japonica	Japanese Pagodatree
Tilia cordata	Greenspire Linden
cv. 'Greenspire'	

b. *Evergreen/Coniferous Tree Species:*

Picea abies	Norway Spruce
Picea glauca densata	Black Hills White Spruce
Pinus strobus	Eastern White Pine

c. *Ornamental Tree Species:*

Acer ginnala	Amur Maple
Amelanchier arborea	Downy Serviceberry
Magnolia x soulangiana	Saucer Magnolia
Cercis	Redbud varieties
Canadensis	Redbud
Canadensis 'Alba'	Whitebud
Cotinus coggygria	Smoketree
Cratageus	Hawthorn varieties
Phaenopyrum	Washington Hawthorn
Crusgalli var. inermis	Crusader Thornless
Koelrueteria paniculata	Goldenrain
Malus	Crabapple varieties
Centurian	Centurian Crabapple
Sieboldii 'zumi'	Zumi Crabapple
Snowdrift	Snowdrift Crabapple
Red Jade	Red Jade Crabapple
Prunus cerasifera	Newport Plum
Pyrus calleryana	Callery Pear varieties
Aristocrat	Aristocrat Pear
Capitol	Capitol Pear
Chanticlear	Chanticlear Pear
Rhus typhina	Staghorn Sumac

d. *Shrubs:*

Sambucus Canadensis	Elderberry
Physocarpus Opulifolius	Ninebark
Hypericum Prolificum	Shrubby St. John's Wort
Rhus Aromatica	Fragrant Sumac

For other species of trees, which may be acceptable under certain conditions, contact the Community Development Director. All deciduous shade trees shall be planted at 2" caliper as measured 6 inches from grade. All ornamental trees shall be planted at 1" caliper as measured 6 inches from grade. All evergreen/coniferous trees shall be planted at a height of 5 feet. The following shall be provided along the creek.

Deciduous Shade Trees:	3 Trees per 100 feet
Ornimental Trees:	3 Trees per 100 feet
Evergreen/Conifer Trees:	3 Trees per 100 feet *
Shrubs	as approved by City **

** The Evergreen/Conifer Trees are only required along the rear of the buildings that back up to US 71. These plantings will help soften the plain façade typically found along the rear of large retail buildings.* Furthermore, the City may reduce the number of deciduous and ornamental trees required in the rear of the commercial center.

**Shrubs may be required for screening of utilities, parking lots or to provide additional landscaping where needed.

The City will also support the use of the creek for wetland mitigation. The above landscaping standards are not intended to fulfill the standards for wetland mitigation. If the creek will be used for COE wetland mitigation purposes, the landscape plan/standards will have to be modified.

2. *Bridges*. The bridges that are proposed for the project shall be approved by the City. Said bridges shall have a combination of decorative headwalls and decorative bridge railings. If possible, the color and texture of the bridges shall match that of the Sutherland's building.

3. *Decorative Lighting*. The use of City approved historic reproduction lights shall be used along both access drives.

4. *Sidewalks*. Sidewalks shall be incorporated into the bridge design. At least one sidewalk shall be provided for each bridge. Sidewalks shall provide access to each building.

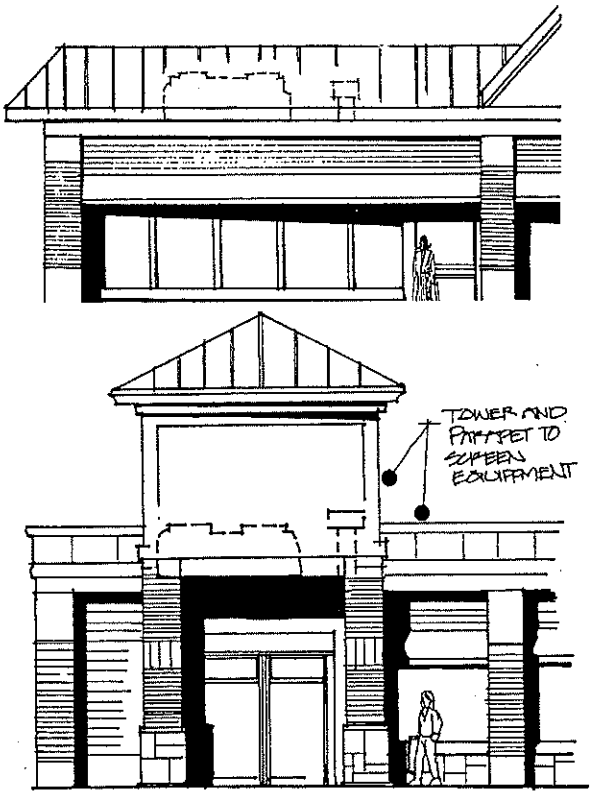
SECTION 3: Screening of Rooftop Equipment

1. Rooftop mechanical equipment screens shall be required at a height that is as high, or higher than, the rooftop equipment being screened.

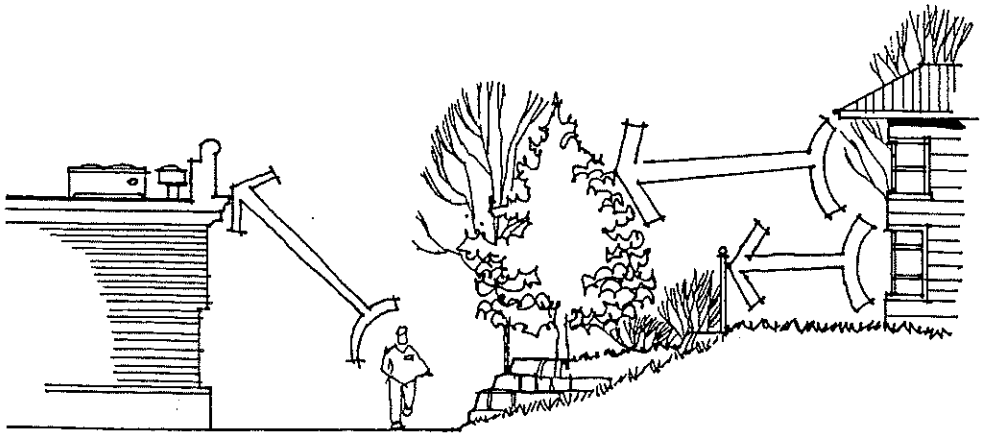
2. Screening shall be provided in a manner that is architecturally integral to the overall appearance of the building.

3. The use of parapet walls or specially designed rooftop penthouse enclosures is the preferred methods of screening for rooftop mechanical equipment.

4. Partition screens are generally less desirable for screening purposes. However, when using partition screens, the use, design, and material of the screen should blend with the building architecture and create a massing hierarchy that projects the same quality appearance as the building facade.



5. The number of vents and flues shall be kept to a minimum and located in a manner to not be visible. On sloped roof structures, vents and flues shall be incorporated into architectural features or painted to blend with the roofing material.



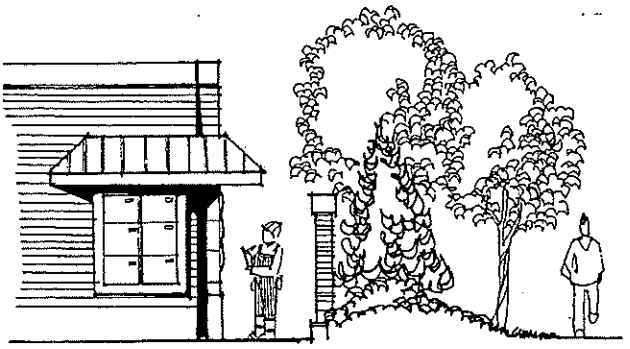
SECTION 4: Screening of Ground/Building Mounted Equipment

1. When it is not feasible to locate mechanical devices and areas within a building, the following shall be achieved:

   a. Coolers must be finished with the same building materials and architectural detailing as the main building facade.

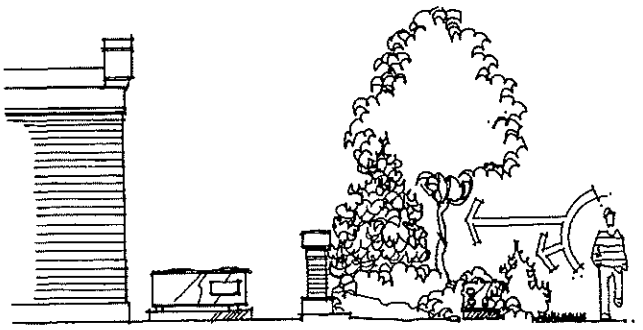
   b. Coordinate the same material and detailing as the building facade with screening walls or specially designed enclosure cabinets for HVAC and utility meters.

   c. Use an evergreen species as the primary planting when landscaping is used for screening purposes. Landscape plantings for wall-mounted meters must be installed at a height of 6 feet.



   d. The visibility of meters and utility banks (i.e. gas, electric, water) can be reduced by locating such equipment along the side or rear of the building in a location not generally visible by the public.

   e. All above ground utility cabinets are required to be placed within the interior side or rear building setback yards. Such utility cabinets are prohibited within required front or corner side yards adjacent to street right-of-way unless screened with landscape materials.
   When such cabinets are located adjacent to or near a building, they should be screened and treated in the same manner as HVAC equipment and trash receptacles (i.e. screening walls, landscaping, etc.).



2. Mechanical equipment must be located and screened in a manner so as not to be visible or heard from adjoining properties.

SECTION 5: Loading Dock and Service Area Screening

1. Unattractive elements, such as trash, service, and loading areas are to be located out of public view from streets, adjacent residential properties, and other highly visible areas such as parking lots, access drives, etc.

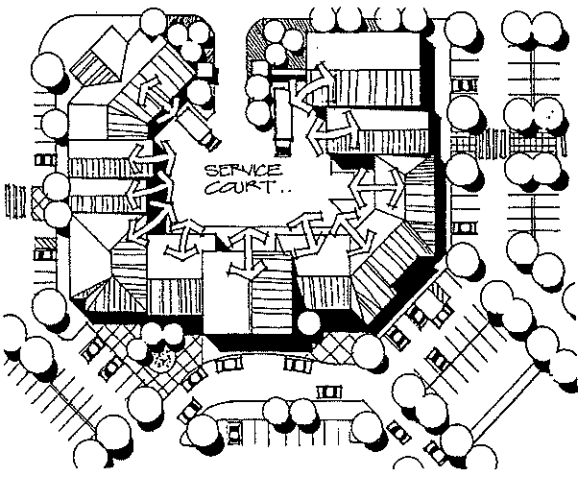
2. If the back or sides of buildings must be oriented toward public streets or highly visible areas, such areas must provide visual interest through a combination of architectural detail, landscaping, and/or berms.



a. Buildings should be designed in a manner so that loading docks and service areas (which are visible from Commercial Street or Linbergh Street) are screened either by a building wall or a screening wall, or integrated into the building design to not be noticeably visible. Screening walls must be a length and height to screen the maximum size of vehicle using the area.

b. Screening walls should reflect the same level of architectural design as the primary structure, including elements such as landscaping to soften the wall's appearance, architectural detailing, staggering with recesses and projections, and visual interest.

c. Design elements must be accomplished in a manner to control noise generated from service activities and mechanical equipment.

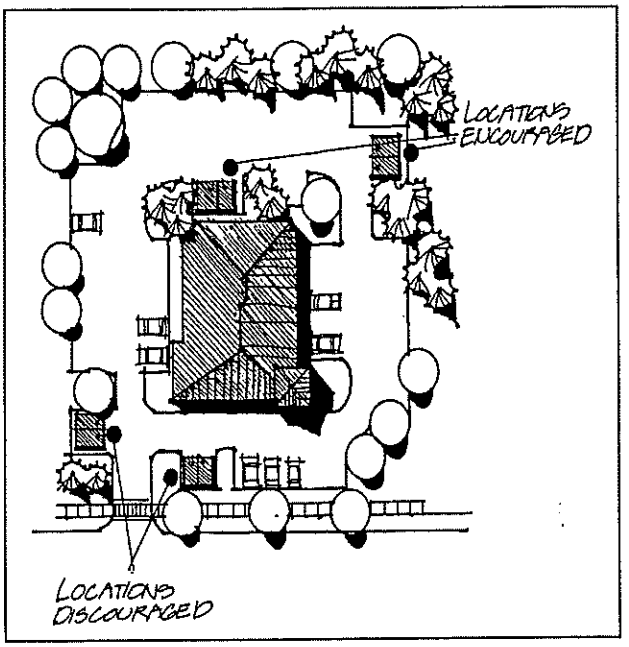


SECTION 6: Trash Receptacle Screening

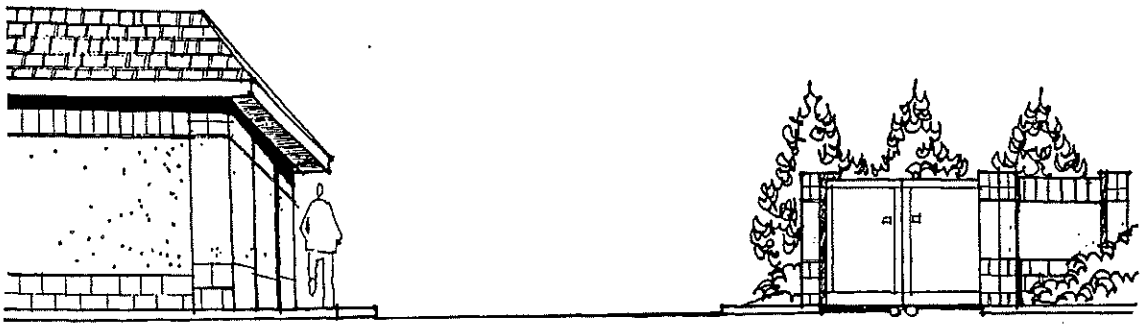
1. Refuse enclosures shall be screened from public view on at least 3 sides with a 6 to 8 foot opaque screen of either masonry, landscaping treatment or other compatible building or landscape materials.

2. Trash receptacle areas should not be placed in an area along a public street. Such areas should be located to allow for convenient access by refuse vehicles.

3. When located in a highly visible area, trash receptacle screening walls should be softened with landscape materials on earth berms.

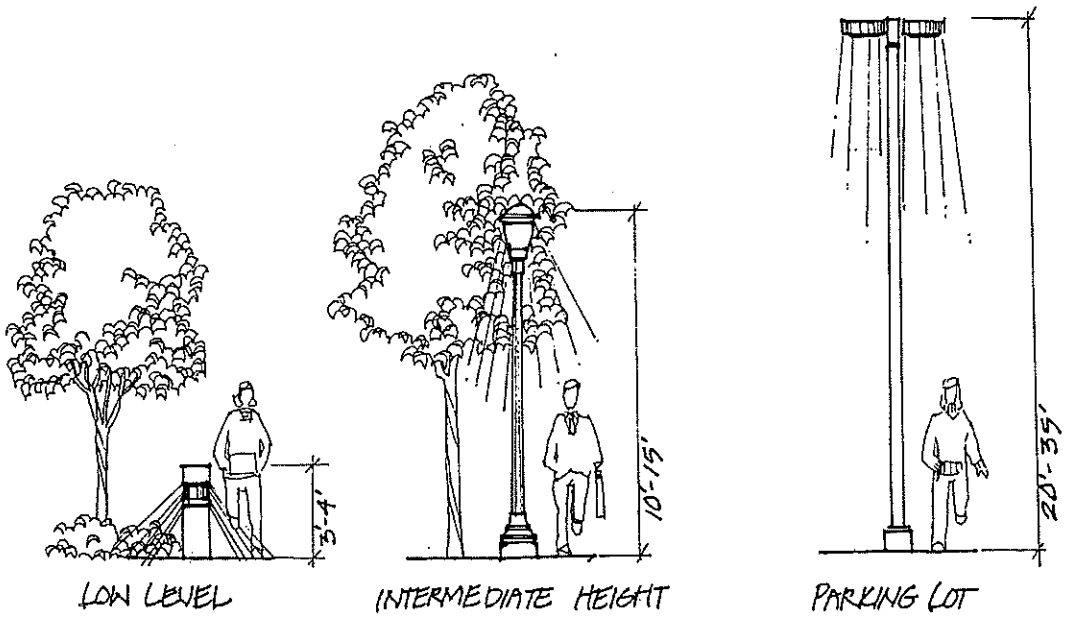


4. Screening doors on the enclosure should be finished with a high quality material and durable finish.



SECTION 7: Lighting Standards

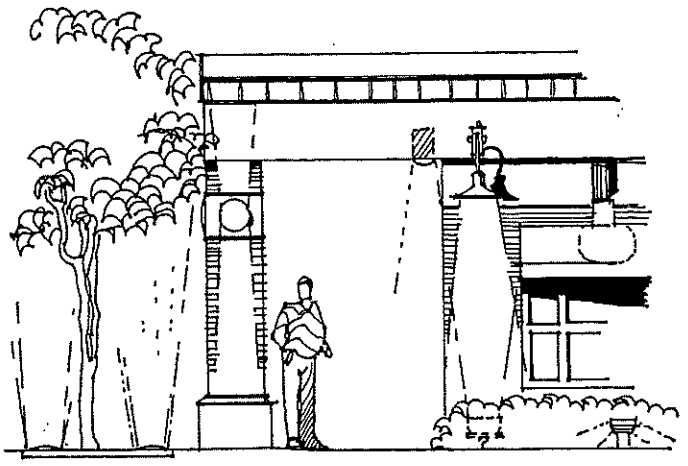
1. Driver and pedestrian orientation may be enhanced by providing a hierarchy of lighting effects such as bollards (3-4 feet high), intermediate-height pedestrian lights (10-15 feet high), and parking lot and roadway lights (20-30 feet high).



2. Building-mounted light fixtures should be for aesthetic and safety purposes only and must direct light upward or downward. Lighting should be used to highlight architectural features and create visual interest. Wall-pack lights or other lighting that shine outward toward adjoining properties or street right-of-way is prohibited.

   a. Building-mounted fixtures for site illumination are permissible on the "back" sides of buildings where facing other non-residential buildings and not highly visible.

   b. Accent lighting that highlights building architectural features is encouraged. Exterior neon lighting, illuminated banding, or other lighting that creates a glow is prohibited, unless approved by the City as part of an overall theme for the development area.



3. Parking lot illumination must be accomplished with individual light poles and fixtures. Building-mounted fixtures are not permitted as a method of parking lot illumination.
   a. The style of lighting should reflect the architectural character of the area.
   b. Maintain parking lot light poles/fixtures of the same style, height, color, and intensity of lighting throughout the development area. Varying styles of fixtures

may be permitted if it is demonstrated that the styles contribute to an overall theme for the area.

c. The maximum pole height in commercial shopping centers and office parks shall be 30 feet.

d. Light fixtures shall be non-adjustable horizontally-mounted fixtures with less than 90 degree luminaire cutoff. Fixtures that project light or glare toward street right-of-way or adjoining properties shall not be permitted.

e. Shielding shall be provided to avoid light trespass and glare.

4. Properties visible from an arterial roadway may be required to submit a point by point photometric plan to show compliance with lighting standards. The maximum maintained vertical foot-candle at an adjacent property line is 0.5 foot-candles measured 5 feet above grade. The maximum average maintained foot-candles for all parking lots shall be 3 foot-candles.

SECTION 8: Pedestrian Circulation

1. Site development design should consider pedestrian circulation patterns in equal importance to that of the vehicle and building arrangement.

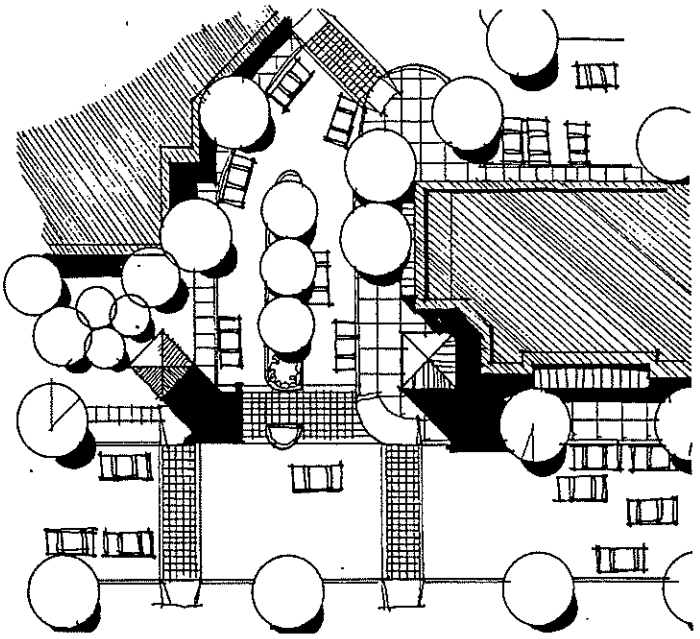
2. Sidewalks and walkways shall be provided to connect sidewalks along adjacent roadways to buildings within the development. Walkways should also provide access between buildings.

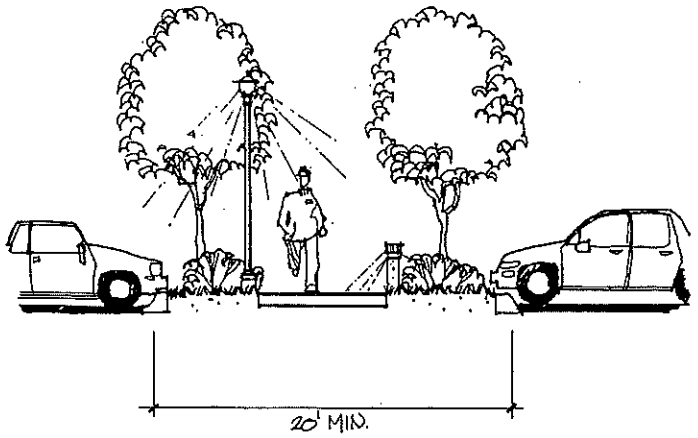
3. Site design should separate pedestrians/sidewalks and vehicles as much as possible, with the number and length of pedestrian crossings through parking and paved areas kept to a minimum. Landscaping shall be used along such pedestrian/landscaping corridors. Such corridors shall be a minimum of 20 feet wide. Low level lighting is encouraged.

4. Sidewalks should be incorporated into both bridges that provide access from Commercial Street.

5. Sidewalks shall be provided along both Commercial Street and Lindbergh Street.

6. ADA Standards shall be complied with.





SECTION 9: Parking Lot Landscaping

1. Landscape design and species shall be used to create visual continuity throughout the development. Landscape coordination shall occur among all phases of the development.

   a. Landscape design should create variety, interest, and view corridors for visibility.

   b. A variety of different species shall be incorporated into the site design to provide visual interest, as well as disease and pest resistance.

   c. Required landscape plantings shall be coordinated with the location of utilities, driveways, and traffic site clearance zones. Landscape plantings shall be located an adequate distance away from utility lines and easements to avoid damage when such lines are repaired or replaced.

2. Plant materials shall be placed intermittently against long expanses of building walls, fences and other barriers to create a softening effect.
3. One tree for every twelve (12) parking spaces shall be provided. Deciduous trees shall be planted at 1.5" caliper. The number, species, location and size will be reviewed with the landscaping plan for each site.

COOPERATIVE AGREEMENT

AMONG

THE CITY OF HARRISONVILLE, MISSOURI,

and

THE HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT

Table of Contents

Page

ARTICLE I RULES OF INTERPRETATION AND DEFINITIONS 3
Section 1.01 **Rules of Interpretation.** 3
Section 1.02 **Definition of Words and Terms.** 4
ARTICLE II COLLECTION OF FUNDS 8
Section 2.01 **Collection of District Sales Tax.** 8
Section 2.02 **Administrative Fee for Collection of District Sales Tax.** 8
Section 2.03 **Enforcement of the District Sales Tax.** 9
Section 2.04 **Distribution of the District Sales Tax.** 9
Section 2.05 **Reserved.** 10
Section 2.06 **Records of the District Sales Tax.** 10
Section 2.07 **Repeal of the District Sales Tax.** 11
ARTICLE III DESIGN AND CONSTRUCTION OF DISTRICT PROJECTS 12
Section 3.01 **Selection of Engineering Firm.** 12
Section 3.02 **Timing of Design.** 12
Section 3.03 **Reserved** 13
Section 3.04 **Approval Prior to Construction.** 13
Section 3.05 **Construction of District Projects.** 13
Section 3.06 **Completion of Construction.** 13
Section 3.07 **Acceptance of District Projects.** 14
ARTICLE IV OWNERSHIP AND MAINTENANCE OF DISTRICT PROJECTS 14
Section 4.01 **Title to District Projects.** 14
Section 4.02 **Maintenance of District Projects.** 15
Section 4.03 **Insurance Requirements.** 15
ARTICLE V FINANCING DISTRICT PROJECTS 15
Section 5.01 **District Sales Tax.** 15
Section 5.02 **Reimbursement of Prior Expenditures.** 16
Section 5.03 **Annual Budget and Payment of Operating Costs as Incurred.** 17
Section 5.04 **Issuance of TDD Obligations – District Responsibilities.** 19
Section 5.05 **Use of TDD Obligation Proceeds.** 20
ARTICLE VI SPECIAL COVENANTS 21
Section 6.01 **Records of the District.** 21
Section 6.02 **Records of the City.** 22
Section 6.03 **Tax Covenants.** 22
ARTICLE VII EVENTS OF DEFAULT 23
Section 7.01 **Events of Default.** 23
Section 7.02 **Remedies on Default.** 24
Section 7.03 **Rights and Remedies Cumulative.** 24
Section 7.04 **Waiver of Breach.** 25
ARTICLE VIII ASSIGNMENTS 25
Section 8.01 **Assignment of District's Rights** 25
ARTICLE IX REPRESENTATIONS 26
Section 9.01 **Representations by the District** 26
Section 9.02 **Representations by the City.** 27
ARTICLE X MISCELLANEOUS PROVISIONS 28
Section 10.01 **Notices.** 28

Page

Section 10.02	**Recording of Agreement**	29
Section 10.03	**Immunity of Officers, Employees and Members of City and District**	29
Section 10.04	**Amendments**	29
Section 10.05	**Survival**	30
Section 10.06	**Governing Law**	30
Section 10.07	**Effective Date**	30
Section 10.08	**Execution in Counterparts**	30
Section 10.09	**Approved by City**	31

COOPERATIVE AGREEMENT

This Cooperative Agreement (the "Agreement") is entered into on the 22 day of December, 2005, **THE CITY OF HARRISONVILLE, MISSOURI** (the "City"), a Missouri municipal corporation and political subdivision, and **HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT** (the "District"), a Missouri transportation development district and political subdivision, which is the last date that either of the two (2) parties hereto execute this Agreement.

RECITALS

A. By Ordinance No. 2940, adopted by the Board of Aldermen on November 21, 2005, the City approved the Harrisonville Towne Center Tax Increment Financing Plan ("TIF Plan"), established a Redevelopment Area, declared the Redevelopment Area as a Blighted Area, and selected D.J. Christie, Inc. to implement the Redevelopment Plan. The purpose of the TIF Plan is to devote Economic Activity Taxes and Payments in Lieu of Taxes to the removal of blighted conditions and the redevelopment of the property included in the Redevelopment Area.

B. By Ordinance No. 2940, adopted by the Board of Aldermen on November 21, 2005, the City approved the Tax Increment Financing Redevelopment Agreement ("TIF Agreement") between the D.J. Christie, Inc. and the City and authorized the Mayor of the City to enter into the TIF Agreement with the Developer for the implementation of Redevelopment Project I as described in the TIF Plan

C. On December 22, 2005, the D.J. Christie, Inc. and the City entered into the TIF Agreement, and concurrent with such execution, D.J. Christie, Inc assigned such

development rights in and to the TIF Plan and the TIF Agreement to Harrisonville Partners, LLC and Harrisonville Partners, LLC assumed all such rights all in accordance with the terms of such TIF Plan and TIF Agreement. As used herein "Developer" shall mean Harrisonville Partners, LLC as the authorize successor and assignee to D.J. Christie, Inc. under said TIF Plan and TIF Agreement.

D. Pursuant to the TIF Agreement, the City and the Developer agreed that the Developer would take all necessary actions to form the District and to cause the District's board of directors to enter into a cooperative agreement with the City.

E. The District was formed on December 12, 2005, by virtue of the Judgment entered by the Circuit Court of Cass County, Missouri as Case Number 05CA – CV02007. The stated purpose of the District is to undertake the District Projects.

F. The District has imposed the District Sales Tax at the rate of one percent (1%) on retail sales in accordance with the TDD Act. The District Sales Tax is imposed and collected within the boundaries of the District, which overlaps the Redevelopment Area.

G. The District is authorized in accordance with the provisions of the TDD Act to perform all functions incident to the administration, collection, enforcement, and operation of the District Sales Tax.

H. The District is authorized in accordance with the provisions of the TDD Act to contract with the City as a political subdivision and a local transportation authority to assist in operating and financing the District Projects.

I. The District desires to contract with the City for the City to perform the functions of administrating, collecting and enforcing the District Sales Tax.

AGREEMENT

ARTICLE I
RULES OF INTERPRETATION AND DEFINITIONS

Section 1.01 Rules of Interpretation.

A. All exhibits attached to and referenced in this Agreement are expressly incorporated into this Agreement by such reference.

B. Unless the context clearly indicates to the contrary or unless otherwise provided herein, the following rules of interpretation shall apply to this Agreement:

(1) The terms defined in this Agreement which refer to a particular agreement, instrument or document also refer to and include all renewals, extensions, modifications, amendments and restatements of such agreement, instrument or document; provided, that nothing contained in this sentence shall be construed to authorize any such renewal, extension, modification, amendment or restatement other than in accordance with Section 10.04 of this Agreement.

(2) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, section, subsection and exhibit references are to this Agreement unless otherwise specified. 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.

(3) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing person shall include individuals,

corporations, partnerships, joint ventures, associations, joint stock companies, trusts, unincorporated organizations and governments and any agency or political subdivision thereof.

(4) The table of contents, captions and headings of each part, section or subsection in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 1.02 Definition of Words and Terms.

In addition to the words and terms defined elsewhere in this Agreement, the following capitalized words and terms, as used in this Agreement, shall have the meanings described below.

A. "Administrative Fee": That amount of the District Sales Tax Revenue that the City shall receive as compensation for performing the duties of collecting the District Sales Tax, pursuant to Section 2.02 of this Agreement.

B. "Board of Aldermen": The governing body of the City.

C. "City": The City of Harrisonville, Missouri.

D. "City Code": The Code of Ordinances of the City of Harrisonville, Missouri.

E. "Code": The Internal Revenue Code.

F. "Commission": Missouri Highway and Transportation Commission.

G. "Commission Agreement": That form of agreement entered into by the District with the Commission on or about _____, 2005.

H. "Cooperative Agreement" or "Agreement": This cooperative agreement.

I. "Costs of Formation": Actual, reasonable costs and expenses approved by the City, which are incurred by the District or the Developer, to obtain circuit court approval of

formation of the District, negotiation of this Agreement and the imposition of the District Sales Tax, including but not limited to attorneys' and other professional service fees and expenses of filing and defending the petition and to call and hold the election for the District Sales Tax, including all publication and incidental costs related to any of the aforementioned activities.

J. "Developer": shall have the meaning as set out in RECITALS, paragraph C.

K. "District": The Harrisonville Towne Center Transportation Development District, a Missouri transportation development district and political subdivision of the State of Missouri.

(1) "District Projects": Those projects listed in the Petition for Formation of a Transportation Development District, a copy of which is attached hereto as **Exhibit A**, and which are set forth more specifically in Exhibit C to said Petition, and such other projects as may be approved in accordance with this Agreement.

L. "District Sales Tax": The sales tax levied by the District on retail sales within its boundaries pursuant to the TDD Act in the amount of one percent (1%).

M. "District Sales Tax Revenues": Monies actually collected, pursuant to this Agreement and the TDD Act, from the imposition of the District Sales Tax.

N. "Economic Activity Taxes": Economic Activity Taxes, as defined by the TIF Act and captured by the TIF Plan.

O. "Enforcement Funds": The funds defined in Section 2.03.B of this Agreement.

P. "Event of Default": Any event specified in Section 7.01 of this Agreement.

Q. "Improvement Costs": All actual and reasonable costs and expenses approved by the City, which approval shall not be unreasonably withheld, which are incurred with respect to construction of the District Projects, including the actual and reasonable cost of labor and materials payable to contractors, builders, suppliers, vendors and material men in connection with the

construction contracts awarded in connection with the District Projects, plus all actual and reasonable costs to plan, finance, develop, design and acquire the District Projects, including but not limited to the following:

(1) actual and reasonable costs of issuance and capitalized interest, if any, for any TDD Obligations issued by the District to finance the District Projects;

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

(3) all other items of expense not elsewhere specified in this definition which may be necessary or incidental to the review, approval, acquisition, construction, improvement and financing of the District Projects and which may lawfully be paid or incurred by the District under the TDD Act.

R. "MoDOT": The Missouri Department of Transportation and/or the Missouri Highways and Transportation Commission.

S. "Operating Costs": Actual, reasonable overhead expenses approved by the City, which approval shall not be unreasonably withheld, which are necessary for the administration of the District, in accordance with the District's annual budget.

T. "Payments in Lieu of Taxes": Incremental taxes paid on account of real estate tax assessments as provided and defined in the TIF Act and the TIF Plan.

U. "Public Works Department": The Public Works Department of the City.

V. "Redevelopment Area": The Redevelopment Area established under the TIF Plan.

W. "Redevelopment Project": The redevelopment project to be constructed by the Developer pursuant to the TIF Plan and the TIF Agreement.

X. "Special Allocation Fund": The fund created pursuant to the TIF Act for the TIF Plan into which the City deposits Economic Activity Taxes and Payments in Lieu of Taxes pursuant to the TIF Plan.

Y. "TDD Act": The Missouri Transportation Development District Act, Section 238.200, *et. seq.*, of the Revised Statutes of Missouri (2000, as amended).

Z. "TDD Obligations": bonds, loans, debentures, notes, special certificates, or other evidences of indebtedness issued by the District or the City.

AA. "TIF Act": The Real Property Tax Increment Allocation Redevelopment Act, Section 99.800, *et. seq.*, of the Revised Statutes of Missouri (2000, as amended).

BB. "TIF Agreement": Defined above in the RECITALS, paragraph B.

CC. "TIF Plan": Defined above in the RECITALS, paragraph A.

DD. "TIF Revenue": Economic Activity Taxes and Payments in Lieu of Taxes.

EE. "Trust Indenture": A Trust Indenture between the District and the Trustee, executed in connection with the issuance of TDD Obligations, if any.

FF. "Trustee": The Trustee, and its successor or successors and their respective assigns, as defined in a Trust Indenture, if any.

ARTICLE II
COLLECTION OF FUNDS

Section 2.01 Collection of District Sales Tax.

The City agrees to perform for the District, all functions incident to the administration, collection, and enforcement of the District Sales Tax, pursuant to the TDD Act and this Agreement. The District shall enact a resolution in substantial compliance with the resolution attached to this Agreement as **Exhibit B**. The District Sales Tax shall be collected and reported upon such forms and under the administrative rules and regulations prescribed by the District, attached hereto as **Exhibit B**. The District Sales Tax Revenues shall be deposited by the City in accordance with **Exhibit B**. Neither the District nor the City shall amend the forms, or the administrative rules and regulations prescribed in **Exhibit B**, without the other party's consent, which consent shall not be unreasonably withheld.

Section 2.02 Administrative Fee for Collection of District Sales Tax.

The City shall receive an Administrative Fee for collecting and administering the District Sales Tax in the amount of one percent (1%) of the total District Sales Tax Revenues. In the event that the one percent (1%) Administrative Fee does not fully reimburse the City for actual costs and expenses incurred in fulfilling its obligations associated with collection of the District Sales Tax Revenue pursuant to this Agreement, then the City shall receive reimbursement for such actual costs; provided, however, that the right to recover such actual costs and expenses in excess of the

Administrative Fee shall be subordinate to the payment of debt service on TDD Obligations, if any, issued by the District to finance the District Projects.

Section 2.03 Enforcement of the District Sales Tax.

A. The District authorizes the City, to the extent permitted by law, to take all actions necessary for collection and enforcement of the District Sales Tax. The City may, in its own name or in the name of the District, prosecute or defend an action, lawsuit or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure the payment of the District Sales Tax. The District hereby agrees to cooperate fully with the City and to take all action necessary to effect the substitution of the City for the District in any such action, lawsuit or proceeding if the City shall so request. The cost and expense of such actions, shall be paid from the Enforcement Funds.

B. In addition to the cost of administering the District Sales Tax, the City shall be entitled to retain and maintain from District Sales Tax Revenues One Thousand and no/100 dollars ($1,000.00) to fund litigation, prosecution or defense of enforcement and collection of the District Sales Tax, which shall be maintained by the City in an account as the "Enforcement Funds", with earnings thereon deposited to the credit of the Enforcement Funds account. The City may use the Enforcement Funds to pay actual, reasonable costs and expenses associated with enforcing collection of the District Sales Tax, including but not limited to auditing services, collection agency services and attorneys fees. The City may deduct sufficient funds from the District Sales Tax Revenues each month to maintain a balance of One Thousand and no/100 dollars ($1,000.00) in Enforcement Funds as provided in Section 2.04.C.

Section 2.04 Distribution of the District Sales Tax.

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

A. The City shall deduct one percent (1%) of the total District Sales Tax collected each month, for its Administrative Fee.

B. Pursuant to the TIF Act and the TIF Plan, as amended, one-half (1/2) of the District Sales Tax which is generated within the Redevelopment Area will be captured as Economic Activity Taxes and deposited by the City into the Special Allocation Fund.

C. The City shall deduct sufficient funds, if any, to maintain a balance of One Thousand and no/100 dollars ($1,000.00) in Enforcement Funds.

D. If TDD Obligations have been issued, the City shall transfer the remaining District Sales Tax to the Trustee for distribution in accordance with the Trust Indenture.

E. If TDD Obligations have not been issued, the City shall deposit the remaining District Sales Tax in a special trust account established by the City for payment of Improvement Costs and such other costs incurred by the District and approved by the City in accordance with the terms of this Agreement.

Section 2.05 Reserved.

Section 2.06 Records of the District Sales Tax.

The City shall keep accurate records of the District Sales Tax due and collected. Any City records pertaining to the District Sales Tax shall be provided to the District upon written request of the District, as permitted by law.

Section 2.07 Repeal of the District Sales Tax.

The District shall notify the City at least thirty (30) days in advance of the satisfaction in full of all outstanding obligations of the District and the completion of all projects authorized or to be authorized by the District. Upon full satisfaction of all obligations of the District and the completion of all projects authorized or to be authorized by the District, including, but not limited to the repayment of any TDD Obligations that may be issued, the District shall notify the City of such satisfaction and completion. If the City consents and does not identify additional projects to benefit the District, the District will implement the procedures in the TDD Act for repeal of the District Sales Tax and abolishment of the District; provided, however, the District shall not implement the procedures for repeal or modification of the District Sales Tax and abolishment of the District if 1) any District Sales Tax Revenue is due to the City for outstanding Administrative Fees or Enforcement Funds; 2) any of the District Projects are not yet finally complete; 3) any of the Improvement Costs have not been fully paid; 4) if the District, with the prior written consent of the City, has approved another project pursuant to the TDD Act; 5) all obligations of the Developer under the TIF plan are not satisfied; or 6) the City does not consent to repeal of the District Sales Tax and has identified additional projects to benefit the District. The City's obligation to perform for the District all functions incident to the administration, collection, enforcement and operation of the District Sales Tax shall terminate concurrent with the repeal of the District Sales Tax. Upon repeal of the District Sales Tax, the City shall:

A. Retain the City's Administrative Fee and any Enforcement Funds to which it is entitled in accordance with this Agreement.

B. Retain any remaining District Sales Tax until such time as the District is abolished and the District has provided for the transfer of any funds remaining in a manner permitted by the TDD Act.

ARTICLE III
DESIGN AND CONSTRUCTION OF DISTRICT PROJECTS

Section 3.01 Selection of Engineering Firm.

The District shall select an engineer which firm or firms shall be reasonably approved by the Public Works Department, to design the District Projects, or portions of the District Projects which are approved by the City for separate design contracts. The scope of services to be performed by such engineering firm selected and the contract for services between the District and the engineering firm shall be reasonably approved by the Public Works Department. The City may elect to approve the use of the engineering firm selected by the Developer to design other improvements pursuant to the TIF Plan.

Notwithstanding anything to the contrary herein, District has selected or it is anticipated that it will select Kaw Valley Engineering and / or CASCO to perform the engineering for the District Project

Section 3.02 Timing of Design.

Prior to creation of the District, CASCO completed the design for the District Projects and such designs have been submitted to the City for review and comment in accord with this agreement. Except for those portions of the District Project that shall be subject to the approval by MoDOT pursuant to the Commission Agreement, the Public Works Department shall provide written comments no less than thirty (30) days after receiving such plans and specification. If the Public Works Department provides written comments concerning required changes, the District shall then cause the preliminary plans and specifications to be changed in accordance with the Public

Works Department's comments and resubmit the preliminary plans and specifications in accordance with this section or finalize the plans and specifications as approved. Review and approval of the plans and specifications for the District Projects shall not constitute acceptance of maintenance and ownership obligations of the District Projects by the City except as set forth in Sections 3.07 and 4.01 of this Agreement.

Section 3.03 Reserved

Section 3.04 Approval Prior to Construction.

Construction of all, or a portion of, the District Projects shall not commence until an appropriate construction permit is issued by the City, as necessary.

Section 3.05 Construction of District Projects.

Prior to the date upon which the District was formed, the approved engineer hereunder solicited bids from responsible contractors for all of the District Projects. All bids received have been or will be submitted to the Public Works Department for review and comment. Selection of the lowest and best bid and the awarding of the contract to construct all or any portion of the District Projects by the District shall be subject to the reasonable approval of the Public Works Department.

Section 3.06 Completion of Construction.

Upon completion of all or any portion of the District Projects, the District shall deliver to the City a completion certificate signed by a representative of the engineering firm selected pursuant to Section 3.01, certifying that (1) the District Projects have been completed in accordance with the final plans and specifications as approved by the Public Works Department in accordance with this Agreement, and (2) all sums due to the contractor have been paid. The District shall provide, prior to construction, such payment and performance bonds as required by the City

Code, and the District shall, following completion of construction, obtain from the contractor and assign to the City (with the consent of the contractor) such warranties and guarantees as City shall normally obtain in its public improvement projects.

Section 3.07 Acceptance of District Projects.

Following receipt of a completion certificate and prior to accepting all or any portion of the District Projects following construction, the District shall obtain the approval of the Public Works Department. The parties acknowledge that certain elements of the District Projects may not be included if the City were paying for and constructing the District Projects. Approval of the plans and specifications by the Public Works Department shall constitute acceptance of responsibility for maintenance by the City only of those elements of the District Projects that the City agrees to maintain. City approval of those elements of the District Projects that the City does not agree to maintain shall not constitute acceptance of responsibility for maintenance of those District Project elements. Maintenance and operation of those elements of the District Projects for which the City does not accept maintenance or ownership obligations under this Agreement shall be mutually agreed upon by the City and the District prior to acceptance of the applicable District Project by the Public Works Department pursuant to this Section.

ARTICLE IV
OWNERSHIP AND MAINTENANCE OF DISTRICT PROJECTS

Section 4.01 Title to District Projects.

Except as provided in Section 3.07 of this Agreement and except those portions of the District Projects that must be transferred to the Commission, pursuant to the Commission Agreement, title to all District Projects shall be vested in the City as and when they are completed. The District shall not assign, transfer, lease or otherwise dispose of any interest in the District Projects without first obtaining the prior written consent of the City, except for the assignment to

the Trustee of any TDD Obligations issued to finance construction of all or part of the District Projects.

Section 4.02 Maintenance of District Projects.

In consideration of the administration and financing of the construction of the District Projects by the District, the City shall at all times be responsible for maintenance of those elements of the District Projects accepted by the City pursuant to Section 3.07 following approval by the Public Works Department of construction and assignment or confirmation of all required warranties and guarantees, and the District shall have no obligation with respect thereto.

Section 4.03 Insurance Requirements.

A. The District agrees that it will require each contractor to maintain insurance in a form and amount approved by the City, and that the City shall be named as an additional insured under each such policy so maintained. Each contractor shall, on request, be required to provide the District or its assignees a complete copy of each policy or a certificate thereof which shows that such policies are in full force and effect and that the City is named as an additional insured thereunder.

B. The District shall maintain throughout the term of this Agreement a policy of insurance to cover the exceptions for sovereign and governmental immunity set forth in Section 537.600 of the Revised Statutes of Missouri in the maximum amounts set forth in Section 537.610 of the Revised Statutes of Missouri. The District shall provide a certificate of such policy to the City, evidencing that the City is named as an additional insured party.

ARTICLE V
FINANCING DISTRICT PROJECTS

Section 5.01 District Sales Tax.

The District shall submit the question of the District Sales Tax within the boundaries of the District to the qualified voters within the District which shall be voted upon by the landowners pursuant unanimous consent petition to impose said District Sales Tax. Upon approval of the District Sale Tax, the proceeds shall be distributed in accordance with the provisions of Section 2.04 of this Agreement.

Section 5.02 Reimbursement of Prior Expenditures.

A. Costs of Formation. The Developer has incurred Costs of Formation and the Developer shall be reimbursed in full from the District Sales Tax Revenues or upon the issuance of TDD Obligations, a portion of the proceeds of the TDD Obligations shall be used, in accordance with Section 5.05 of this Agreement, for the purpose of reimbursing the Developer for the Costs of Formation. Any amounts in excess of Twenty Thousand and No/100 Dollars ($20,000) attributable to Costs of Formation, shall be subject to prior approval by the City in accordance with Section 5.02.E of this Agreement .

B. Construction Costs. To the extent that the Developer or the District has incurred or incurs costs contemplated for construction of the District Projects, whether prior to the date of this Agreement or after the date of this Agreement, the Developer and or the District shall be reimbursed from District Sales Tax Revenues or upon the issuance of TDD Obligations, a portion of the proceeds of the TDD Obligations shall be used, in accordance with Section 5.05 of this Agreement, for the purpose of reimbursing to the Developer the Improvement Costs which have been approved and contracted in accordance with the terms of Article III of this Agreement. This reimbursement request shall be subject to prior approval by the City in accordance with Section 5.02.D of this Agreement.

C. Operating Costs. The City and/or the District shall pay all cost of operating the District (the "Operating Costs"). A portion of the proceeds of the TDD Obligations in the amount up to Twenty Five Thousand and no/100 ($25,000) shall be used to pay Operating Costs of the District in its first fiscal year or until the District is able to fund its Operating Costs from the District Sales Tax Revenues. Thereafter the District shall include up the same amount in the District's annual budget said amount to be funded from District Sales Tax Revenues paid to the District, in accordance with this Agreement and any Trust Indenture, to fund the District's annual budget. In no event shall the District incur more than the budgeted amount in any fiscal year for Operating Costs of the District, without the prior consent of the City, which consent shall not be unreasonably withheld, if the District demonstrates that the expenditures serve a legitimate District purpose.

D. Reimbursement Procedure. Expenditures to be reimbursed pursuant to this Section 5.02 shall be submitted in writing by the District or the Developer to the City's Finance Director for City approval prior to reimbursement. The Finance Director shall review, verify and confirm the information included in the written request for reimbursement. The Finance Director may request additional documentation of reimbursement requests, within thirty (30) days of receipt of written request for reimbursement. If the City determines that the request accurately reflects reasonable reimbursable prior expenses, City shall approve the request. If the City has not requested additional documentation within thirty (30) days of receipt of a written request for reimbursement and the City has not approved or denied the written request for reimbursement within ninety (90) days of receipt of a written request for reimbursement, the request for reimbursement shall be deemed approved.

Section 5.03 Annual Budget and Payment of Operating Costs as Incurred.

A. Annual Budget. The fiscal year of the District shall be based on the calendar year. For each fiscal year of the District, the District shall, no earlier than one hundred eighty (180) days and no later than ninety (90) days prior to the first day of each fiscal year, submit a proposed budget for the upcoming fiscal year to the City Finance Director for review and approval. Each budget for the District shall generally be prepared in accordance with all applicable state statutes including Section 67.010 RSMo (2000, as amended). The District shall adopt an annual budget no later than thirty (30) days prior to the first day of each fiscal year.

B. Payment of Operating Costs. The proposed and actual expenditures of the District for Operating Costs shall not exceed Fifteen Thousand and No/100 Dollars ($15,000) in any fiscal year, without the City's consent, which consent shall not be unreasonably withheld, so long as the District demonstrates that the expenditures serve a legitimate District purpose. District Sales Tax Revenues, paid by the Trustee to the District, pursuant to the Trust Indenture, may be used to fund Operating Costs, in accordance with the District's annual budget, upon approval by the City of such Operating Costs, which approval will not be unreasonably withheld. Operating Costs shall be submitted in writing by the District to the City's Department of Financial Services for City approval prior to payment. The Finance Director shall review, verify and confirm the information included in the written request for approval. The Director of Financial Services may request additional documentation of Operating Costs, within thirty (30) days of receipt of written request for approval. If the City determines that the request accurately reflects reasonable reimbursable expenses, City shall approve the request. If the City has not requested additional documentation within thirty (30) days of receipt of a written request for approval and the City has not approved or denied the written request for approval within ninety (90) days of receipt of a written request for approval, the request for approval shall be deemed

approved. The City's approval prior to payment is not required for de minimis expenditures of Five Hundred and no/100 dollars ($500.00) or less, where there is no intent to avoid the terms of this Agreement by dividing one expenditure into several de minimis expenditures. The City may give its approval in writing at the beginning of the fiscal year to the expenditure of funds, for individual Operating Costs that are: 1) budgeted as a line item in the District's annual budget; 2) are regularly occurring Operating Costs as determined by the Finance Director; 3) are documented, to the satisfaction of the City, as reasonable expenditures based on quotes or prior, similar expenditures by the District; and 4) are within the amount budgeted for that line item. In the event that specific budget approval has been given by the City, additional written approvals by the City are not required.

C. New Projects. Upon satisfaction in full of all outstanding obligations of the District, the District may use District Sales Tax Revenue, as such revenues are available, to pay Improvement Costs for new District projects which have been determined by the Board of Aldermen to be necessary and approved and contracted in accordance with the terms of Article III of this Agreement. The District shall not undertake new District projects without the prior approval of the Board of Aldermen. Payments due to the City pursuant to the priority established in Section 2.04 for Administrative Fees and Enforcement Funds shall take priority over any costs associated with new District projects.

Section 5.04 Issuance of TDD Obligations – District Responsibilities.

A. At such time as the District is able to attract buyers for TDD Obligations issued by the District to finance the reimbursement of previously-paid Improvement Costs for District Projects and/or the construction of new District Projects in accordance with contracts approved under the provisions of Article III of this Agreement, and at such time as the Condition

Precedent set forth in subparagraph B of this Section 5.04, the District may issue TDD Obligations for the purpose of funding all, or an appropriate portion of, the Improvement Costs. The TDD Obligations shall be the obligation and responsibility of the District and the City shall have no responsibility for the TDD Obligations. The TDD Obligations shall not be a debt or general obligation of the City, as that term is used and defined in the Constitution and Statutes of the State of Missouri. The terms and conditions of the TDD Obligations, including interest rate, costs of issuance and other costs, shall be subject to approval by the City, which approval shall not be unreasonably withheld.

B. Condition Precedent. The District shall not issue any TDD Obligations until approval of the TDD Obligation issuance by the City, which approval may be granted or withheld in the sole and absolute discretion of the City.

Section 5.05 Use of TDD Obligation Proceeds.

A. The net proceeds of the sale of any TDD Obligations shall be paid over to the Trustee for the account of the District to pay all Costs of Formation, the initial Operating Cost, costs of issuance, to fund the project fund, the debt service reserve fund, and a capitalized interest fund, if any, and any other funds or accounts as authorized by the City and the District or otherwise authorized hereunder. .

B. Funds deposited in the project fund shall be disbursed by the Trustee upon receipt by the Trustee of a request from the District at least two (2) business days prior to the date on which such funds are required to pay Improvement Costs which have been approved for payment by the District and the City.

C. Until such funds are requested by the District, the Trustee shall invest and reinvest money in the project fund in permissible investments under the Trust Indenture. Any earnings

on such investments shall be deposited in the project fund and may be disbursed by the Trustee to pay or reimburse Improvement Costs upon receipt of a request in accordance with this Agreement.

D. Upon the receipt of a completion certificate, if applicable, pursuant to Section 3.06 of this Agreement, for District Projects funded with the proceeds of the series of TDD Obligations issued by the District, and verification that Improvement Costs related to a series of TDD Obligations have been paid, the District shall deliver to the Trustee a certificate in writing, stating that the applicable Improvement Costs have been paid in full. Upon receipt of such certificate by the Trustee, and written acceptance by the City of the certifications in such certificate, any money then held by the Trustee in the project fund shall be transferred by the Trustee to the debt service fund to be used for the payment of principal of and redemption premium, if any, on the TDD Obligations through the payment or redemption thereof at the earliest permissible date under the Trust Indenture.

ARTICLE VI
SPECIAL COVENANTS

Section 6.01 Records of the District.

The District shall keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to its business affairs in accordance with generally accepted accounting principles consistently applied, and will furnish to the City, the original purchasers of any TDD Obligations, the Trustee, the trustee of any subsequently issued TDD Obligations, and to any requesting owner or owners of ten percent (10%) or more in aggregate principal amount of the TDD Obligations then outstanding, such information as they may reasonably request concerning the District, including such statistical and other operating information requested on a periodic basis, in order to enable such parties to determine whether

the covenants, terms and provisions of this Agreement have been met. In addition, the District shall furnish annual audited financial statements to the City for each fiscal year no later than June 30th following the end of such fiscal year. For that purpose, all pertinent books, documents and vouchers relating to its business, affairs and properties shall at all times during regular business hours be open to the inspection of such accountant or other agent (who may make copies of all or any part thereof provided that the confidentiality of all records shall be maintained pursuant to such confidentiality agreements as reasonably required) as shall from time to time be designated and compensated by the inspecting party.

Section 6.02 Records of the City.

The City shall keep and maintain adequate records pertaining to disbursements for reimbursement or payment of the costs of public improvements and/or debt service on TDD Obligations. Such records shall be available for inspection by the District and the Trustee of any outstanding TDD Obligations upon reasonable notice.

Section 6.03 Tax Covenants.

A. The parties covenant and agree that they will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on any TDD Obligations under Section 103 of the Code. The parties covenant and agree that they will use or cause to be used the proceeds of any TDD Obligations as soon as practicable and with all reasonable dispatch for the purpose for which the TDD Obligations are issued, and that they will not directly or indirectly use or permit the use of any proceeds of any TDD Obligations, or take or omit to take any action, that would cause the TDD

Obligations to be "arbitrage bonds" within the meaning of Section 148(a) of the Code. To that end, the parties will comply with all requirements of Section 148 of the Code to the extent applicable to any TDD Obligations. In the event that at any time the District is of the opinion that for purposes of this section it is necessary to restrict or limit the yield on the investment of any money held by any bond Trustee under any Trust Indenture, the District will take such action as may be necessary to limit such yield. The parties further covenant to adopt such resolutions and to take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions in order to preserve the exclusion from federal gross income of the interest on any TDD Obligations to the extent any such actions can be taken by the parties to this Agreement.

B. Without limiting the generality of the foregoing, the District shall pay from time to time all amounts, if any, required to be rebated to the United States pursuant to Section 148(f) of the Code. This covenant shall survive payment in full or defeasance of the TDD Obligations.

C. The District covenants that it will: (i) not permit its income to inure to the benefit of any private person; (ii) use the original and investment proceeds of any TDD Obligations solely to pay Improvement Costs, fund reserve funds and to pay costs related to the issuance of such TDD Obligations; and (iii) after all the TDD Obligations have been paid, convey all of its right, title and interest in and to the District Projects to the City.

ARTICLE VII
EVENTS OF DEFAULT

Section 7.01 Events of Default.

If any one or more of the following events shall occur and be continuing, such event or events shall constitute an Event of Default under this Agreement:

A. Failure by the City to make a payment, and the continuance of such failure for ten (10) days following written notice to City from the District of such failure, or failure by the District to make a payment, in a timely manner as required by this Agreement; or

B. Failure by the City or the District in the performance of any other covenant, agreement or obligation imposed or created by this Agreement, and the continuance of such default for sixty (60) days after the non-defaulting party or the Trustee of any outstanding TDD Obligations has given written notice to the defaulting party specifying such default.

Section 7.02 Remedies on Default.

Subject to any restrictions contained in the Trust Indenture for any outstanding TDD Obligations against acceleration of the maturity of any such TDD Obligations, if any Event of Default has occurred and is continuing, then any non-defaulting party may, upon its election or at any time after its election while such default continues, by mandamus or other suit, action or proceedings at law or in equity, enforce its rights against the defaulting party and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of this Agreement.

Section 7.03 Rights and Remedies Cumulative.

The rights and remedies reserved by either party under this Agreement and those provided by law shall be construed as cumulative and continuing rights. No one of them shall be exhausted by the exercise thereof on one or more occasions. The District and the City shall each be entitled to specific performance and injunctive or other equitable relief for any breach or threatened breach of any of the provisions of this Agreement, notwithstanding availability of an adequate

remedy at law, and each party hereby waives the right to raise such defense in any proceeding in equity.

Section 7.04 Waiver of Breach.

No waiver of any breach of any covenant or agreement contained in this Agreement shall operate as a waiver of any subsequent breach of the same covenant or agreement or as a waiver of any breach of any other covenant or agreement, and in case of an Event of Default, a non-defaulting party may nevertheless accept from the defaulting party, any payment or payments without in any way waiving the non-defaulting party's right to exercise any of its rights and remedies as provided herein with respect to any such default or defaults in existence at the time when such payment or payments were accepted by the non-defaulting party.

ARTICLE VIII
ASSIGNMENTS

Section 8.01 Assignment of District's Rights.

Under the Trust Indenture governing the issuance of any TDD Obligations, the District will, as security for the TDD Obligations, pledge, assign, transfer and grant a security interest in certain of its rights under this Agreement to the Trustee. The City agrees that this Agreement and all of the rights, interests, powers, privileges and benefits accruing to or vested in the District under this Agreement may be assigned by the District to any bond Trustee or Trustees as security for any TDD Obligations and may be exercised, protected and enforced for or on behalf of the owners of the TDD Obligations in conformity with this Agreement or the applicable indenture. Any bond Trustee on behalf of bondholders is hereby given the right to enforce, as assignee of the District, the performance of the obligations of the City and the City hereby consents to the same and agrees that any bond Trustee may enforce the rights of the District as provided in this

Agreement. This Agreement recognizes that any such Trustee will be a third-party beneficiary of this Agreement.

ARTICLE IX
REPRESENTATIONS

Section 9.01 Representations by the District.

The District represents that:

A. The District is a transportation development district and political subdivision, duly organized and existing under the laws of the State of Missouri, including particularly the TDD Act.

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

C. The District has taken all necessary action to approve the District Projects. No further action or approvals by the District are necessary in connection with the construction or financing of the District Projects, except with respect to the approval of certain matters relating to the issuance of any TDD Obligations and approvals to be granted by the City pursuant to this Agreement and relevant provisions of the City Code that shall be applied by the City to development in the Redevelopment Area and the District Projects.

D. The execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the performance of or compliance with the terms and conditions of this Agreement by the District will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any mortgage, deed of trust, lease or any other restriction or any agreement or instrument to which the District is a

party or by which it or any of its property is bound, or any order, rule or regulation of any court or governmental body applicable to the District or any of its property, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District under the terms of any instrument or agreements to which the District is a party.

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

Section 9.02 Representations by the City.

The City represents that:

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

B. The City has authority to enter into this Agreement and to carry out its obligations under this Agreement, and the Mayor has been duly authorized to execute and deliver this Agreement.

C. The City has taken all necessary action for the approval of the TIF Plan and the TIF Agreement.

D. The execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement, and the performance of or compliance with the terms and conditions of this Agreement by the City will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any mortgage, deed of trust, lease or any other restriction or any agreement or instrument to which the City is a party or

by which it or any of its property is bound, or any order, rule or regulation of any court or governmental body applicable to the City or any of its property, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City under the terms of any instrument or agreement to which the City is a party.

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

ARTICLE X
MISCELLANEOUS PROVISIONS

Section 10.01 Notices.

All notices and other communications required or desired to be given under this Agreement shall be in writing and shall be deemed duly given when mailed by first class, registered or certified mail, postage prepaid, addressed as follows:

To the City:
City of Harrisonville, Missouri
Attn: City Administrator
300 Pearl Street
Harrisonville, Missouri 64701

With a copy to:
Williams & Campo, P.C.
Attn: T. Chris Williams
200 NE Missouri Road, Suite 200
Lee's Summit, Missouri 64086

To the District:
Harrisonville Towne Center Transportation Development District
c/o David Christie, Executive Director
9400 Reeds Road, Suite 100
Overland Park Kansas 66207

With a copy to:
Spencer Fane Britt & Browne LLP
Attn: James W. Grice
1000 Walnut Street, Suite 1400
Kansas City MO 64106-2140

All notices given by first class, certified or registered mail shall be deemed duly given as of the date they are mailed. A duplicate copy of each notice or other communication given by any party to this Agreement shall also be given to the other parties and to any bond Trustee or Trustees. The City and the District may from time to time designate, by notice given to the other party, another address to which subsequent notices or other communications shall be sent.

Section 10.02 Recording of Agreement.

This Agreement shall be recorded in the Office of the Recorder of Deeds of Cass County, Missouri, by the District. Upon termination of this Agreement, a notice of termination shall be recorded in the Office of the Recorder of Deeds for Cass County, Missouri, by the District.

Section 10.03 Immunity of Officers, Employees and Members of City and District.

No recourse shall be had for the payment of the principal of or premium or interest on any TDD Obligations or for any claim based thereon or upon any representation, obligation, covenant or agreement in this Agreement contained against any past, present or future officer, member, employee, director or agent of the City or the District, or, respectively, of any successor public or private corporation thereto, as such, either directly or through the City or the District, or respectively, any successor public or private corporation thereto, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, employees, directors or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Agreement.

Section 10.04 Amendments.

A. Prior to the issuance of any TDD Obligations by the District, this Agreement may be amended from time to time by the mutual agreement of the City and the District.

B. After the issuance of any TDD Obligations by the District, this Agreement may be amended by the parties hereto without notice to or the consent of the owners of the TDD Obligations, for the purpose of curing any ambiguity or formal defect or omission in this Agreement or in connection with any other change which, in the judgment of the Trustee, does not materially and adversely affect the security for the owners of the TDD Obligations. No other amendments, changes or modifications of this Agreement shall be made without the giving of notice to and the obtaining of the written approval or consent of the owners of any TDD Obligations or the bond Trustee as required by any indenture.

Section 10.05 Survival.

In the event any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Agreement.

Section 10.06 Governing Law.

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

Section 10.07 Effective Date.

This Agreement shall be in effect from and after its execution by all of the parties and shall remain in effect until the District Projects which are approved pursuant to Article III of the Agreement are completed and any TDD Obligations are paid, or their payment has been provided for under the Trust Indenture, and the District is terminated pursuant to the TDD Act.

Section 10.08 Execution in Counterparts.

This 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.

Section 10.09 Approved by City.

Unless specifically provided to the contrary herein, all approvals of City hereunder may be given by the Mayor or his designee without the necessity of any action by the Board of Aldermen of the City.

REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers or officials.

Executed by the City the 19 day of December, 2005.

CITY OF HARRISONVILLE, MISSOURI

Kevin Wood, Mayor

ATTESTED:

Debbie Grant, City Clerk

APPROVED AS TO FORM:

Legal Counsel

Executed by the District the 20 day of December, 2005.

THE HARRISONVILLE TOWNE CENTER
TRANSPORTATION DEVELOPMENT DISTRICT

~~Executive Director~~
Chairman

STATE OF MISSOURI)
) ss.
COUNTY OF CASS)

On the 19 day of December, 2005, before me, the undersigned Notary Public in and for the county and state aforesaid, personally appeared Kevin Wood and Debbie Grant, to me personally known, who being by me duly sworn did say that they are the Mayor and City Clerk, of the **CITY OF HARRISONVILLE, MISSOURI**, a Missouri municipal corporation and political subdivision existing under and by virtue of the laws of the State of Missouri, and that the seal affixed to this Cooperative Agreement is the seal of said City and that said Cooperative Agreement was signed and sealed on behalf of the said City by authority of its Board of Aldermen, and acknowledged said Cooperative Agreement to be the free act and deed of said City.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office the day and year first above written.

April L. Wiskur
Notary Public

My Commission Expires:

November 7, 2006

April L. Wiskur
Printed Name

APRIL L WISKUR
Notary Public - Notary Seal
STATE OF MISSOURI
CASS COUNTY
MY COMMISSION EXP. NOV. 7,2006

STATE OF Kansas)
) ss.
COUNTY OF Johnson)

On this 20th day of December, 2005, before me, the undersigned, a notary public in and for the county and state aforesaid, came David J. Christie, ~~Executive Director~~ Chairman of the **HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT**, a Missouri transportation development district and political subdivision, and who is personally known to me to be the same person who executed this Cooperative Agreement, and he duly acknowledged that he, as such Executive Director being authorized so to do by the board of directors of said transportation development district, executed this Cooperative Agreement for and on behalf of said transportation development district for the purposes therein contained, and acknowledged this Cooperative Agreement to be the free act and deed of said transportation development district.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above written.

Melissa A. Ehart
Notary Public

My Commission Expires:

12/29/08

Melissa A. Ehart
(Printed Name)

END OF DOCUMENT

NOTARY PUBLIC - State of Kansas
MELISSA A. EHART
My Appt. Expires 12/29/08

EXHIBIT A

Petition for Formation of the Harrisonville Towne Center Transportation Development District

Exhibit H

IN THE CIRCUIT COURT OF CASS COUNTY, MISSOURI
SEVENTEENTH JUDICIAL CIRCUIT

SIMMONS INVESTMENTS, INC,
A KANSAS CORPORATION.

Petitioner,

vs.

Case No.: 05CA-CV02007

THE MISSOURI HIGHWAYS &
TRANSPORATION COMMISSION,

SERVE: Mari Ann Winter
Secretary, Missouri
Department of Transportation
105 Capital Avenue
P.O. Box 270
Jefferson City, Missouri 65102,

and

THE CITY OF HARRISONVILLE, MISSOURI,
a municipal corporation,

SERVE: Debbie Grant, City Clerk
300 E. Pearl St.
Harrisonville, Missouri 64701

Respondents.

PETITION FOR FORMATION OF A TRANSPORTATION DEVELOPMENT DISTRICT

Petitioner Simmons Investments, Inc., pursuant to §§ 238.200, RSMo *et seq.*, for its Petition for Formation of a Transportation Development District, states as follows.

1. Petitioner is a Kansas Corporation in good standing with, and authorized to do business in, the state of Kansas.

2. Respondent, Missouri Highways & Transportation Commission, with an address of 105 Capital Avenue, P.O. Box 270, Jefferson City, Missouri 65102, is the "Commission", as

indicated or contemplated under § 238.207.4(2), RSMo.

3. Respondent City of Harrisonville, Missouri (the "City"), with an address of 300 E. Pearl St., Harrisonville, Missouri 64701, is the affected local transportation authority within the proposed district, as indicated or contemplated under § 238.207.4(2), RSMo.

4. Jurisdiction is proper in this Court pursuant to § 238.207.1, RSMo.

5. Venue is proper in this Court pursuant to § 238.207.1, RSMo, in that the proposed district lies entirely within Cass County, Missouri.

6. There are no persons eligible to be registered voters residing within the proposed district.

7. Petitioner, with an address of 102 W. Crestview Circle, Suite 100, Louisburg, Kansas, 66053, is the owner of record of all of the real property located within the proposed district.

8. The name of the proposed district is the Harrisonville Towne Center Transportation Development District" (the "District").

9. The proposed district is contiguous.

10. A map illustrating the boundaries of the District is attached hereto as **Exhibit "A"** and is incorporated herein by reference. The specific description of the proposed boundaries of the District is attached hereto as **Exhibit "B"** and is incorporated herein by reference.

11. The general location and description of the improvements that Petitioner proposes the District undertake are attached hereto as **Exhibit "C"**.

12. The board of directors of the District (the "Board") shall be comprised of five (5) members.

13. The terms of office of the members of the Board shall be staggered in

approximately equal numbers to expire in one, two, or three years.

14. Petitioner proposes that the District be funded by imposing a sales tax on all retail sales made within the District which are subject to taxation pursuant to §§ 144.010 to 144.525, RSMo, except as provided by § 238.235, RSMo, but in any case in a manner consistent with § 238.207.4(9), RSMo.

15. The District does not constitute an undue burden on any owner of property within the District and is not unjust, unreasonable, unlawful, or unconstitutional.

WHEREFORE, Petitioners pray for this Court's order 1) forming the District, 2) establishing the time and place of the first meeting of the owners of all of the real property located within the District, 3) establishing the time and place of the first meeting of the District's Board, 4) finding and certifying that no registered voters reside within the District and that the owners of real property located within the District are the "qualified voters" pursuant to the Act and, therefore, that any election for the election of a board of directors of the District and for the imposition of a retail sales tax under and pursuant to Section 238.235, RSMo 2000 shall be conducted among all property owners within the District; 5) certifying for qualified voter approval a transportation development district retail sales tax of up to one percent (1%) on all retail sales subject to taxation under and pursuant to Sections 144.010 through 144.525, RSMo 2000, within the District for a period of up to 25 years; 6) ordering that the question of whether a sales tax of up to one percent (1%) should be imposed by the District for a period of up to 25 years be submitted to all property owners within the District for an election by unanimous petition under and pursuant to Sec. 238.216(1)(3); 7)Certifying the results of the retail sales tax

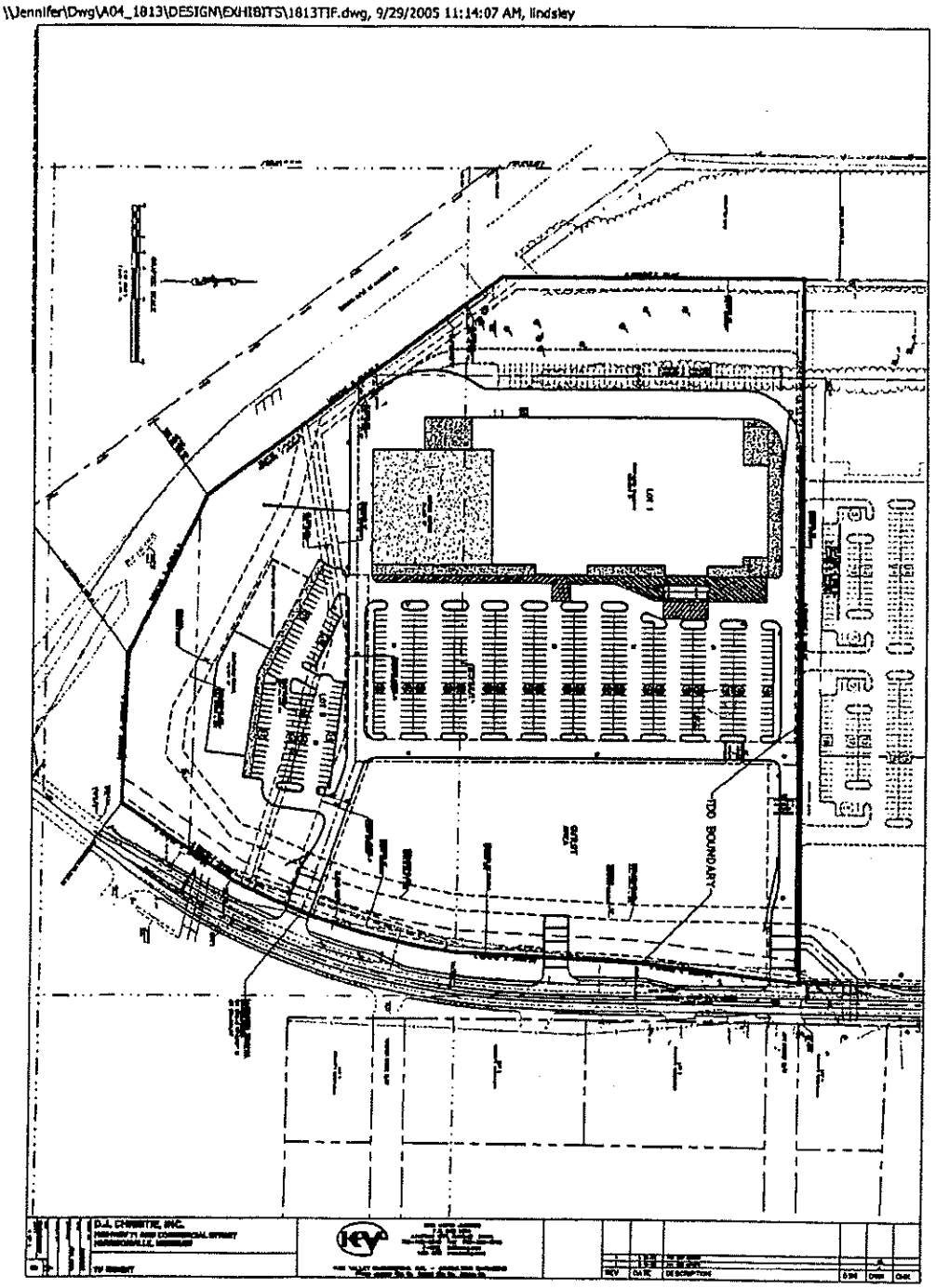
election; and 8) for reimbursement of their costs by the District when formed, including attorney's fees, and for such other and further relief as the Court deems just and proper.

Respectfully submitted,

SPENCER FANE BRITT & BROWNE LLP

James W. Grice MO #41644
1000 Walnut Street, Suite 1400
Kansas City, Missouri 64106-2140
(816) 474-8100
(816) 474-3216 – Fax
jgrice@spencerfane.com
ATTORNEY FOR PETITIONER

EXHIBIT A - MAP OF BOUNDARIES



WA 824466-1

EXHIBIT B – LEGAL DESCRIPTION OF BOUNDARIES

A TRACT OF LAND LOCATED IN LOT 1 OF THE NORTHWEST QUARTER AND THE SOUTHWEST QUARTER, SECTION 4, TOWNSHIP 44 NORTH, RANGE 31 WEST, OF THE 5TH PRINCIPAL MERIDIAN, IN THE CITY OF HARRISONVILLE, CASS COUNTY MISSOURI, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:
COMMENCING AT THE NORTHWEST CORNER OF SAID LOT 1 OF THE NORTHWEST QUARTER; THENCE S 89°28'05" E ALONG THE NORTH LINE OF SAID LOT 1 A DISTANCE OF 173.53 FEET; THENCE S 00°31'55" W A DISTANCE OF 30.00 FEET TO A POINT ON THE SOUTH RIGHT-OF-WAY LINE OF LINDBERGH STREET,; THENCE S 89°28'05" E ALONG SAID SOUTH RIGHT-OF-WAY LINE A DISTANCE OF 1091.90 FEET TO THE POINT OF INTERSECTION OF SAID SOUTH RIGHT-OF-WAY LINE AND THE WEST RIGHT-OF-WAY LINE OF COMMERCIAL STREET; THENCE ALONG SAID WEST RIGHT-OF-WAY LINE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 542.96 FEET, A CHORD BEARING OF S 09°54'53" E AND A CHORD DISTANCE OF 194.30 FEET, AN ARC LENGTH OF 195.35 FEET; THENCE S 00°21'44" W CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE A DISTANCE OF 548.90 FEET; THENCE S 06°39'52" W CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE A DISTANCE OF 11.39 FEET TO THE POINT OF BEGINNING OF THE TRACT TO BE DESCRIBED; THENCE CONTINUING S 06°39'52" W ALONG SAID WEST RIGHT-OF-WAY LINE A DISTANCE OF 262.09 FEET; THENCE S 02°49'48" W CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE A DISTANCE OF 291.93 FEET; THENCE CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE ON A CURVE TO THE RIGHT HAVING A RADIUS OF 1086.00 FEET, A CHORD BEARING OF S 17°40'47" W AND A CHORD DISTANCE OF 370.25 FEET, AN ARC LENGTH OF 372.07 FEET; THENCE S 34°43'22" W CONTINUING ALONG SAID WEST RIGHT-OF-WAY LINE A DISTANCE OF 214.80 FEET TO THE INTERSECTION OF SAID WEST RIGHT-OF-WAY LINE AND THE NORTH RIGHT-OF-WAY LINE OF US HIGHWAY 71; THENCE N 88°02'53" W ALONG SAID NORTH RIGHT-OF-WAY LINE A DISTANCE OF 238.63 FEET; THENCE N 64°09'42" W CONTINUING ALONG SAID NORTH RIGHT-OF-WAY LINE A DISTANCE OF 281.78 FEET; THENCE N 36°41'14" W CONTINUING ALONG SAID NORTH RIGHT-OF-WAY LINE A DISTANCE OF 584.44 FEET; THENCE N 00°01'04" E A DISTANCE OF 481.94 FEET; THENCE S 89°58'56" E A DISTANCE OF 1120.75 FEET TO THE POINT OF BEGINNING. CONTAINS 980,716 SF, 22.51 ACRES MORE OR LESS. SUBJECT TO EASEMENTS, RESERVATIONS AND RESTRICTIONS NOW OF RECORD.

EXHIBIT C - DESCRIPTION OF PROJECTS

The Transportation Project (the "Project"), consists of an improvement to Commercial street along Harrisonville Towne Center, (the "Center") including the widening of said street to accommodate a center turn lane North of the Highway 71 overpass to Lindberg along with the addition of a full access intersection to the Center and construction of 3 right hand turn lanes to the Center.

Project costs and scope include engineering, legal, and traffic studies, lighting, signage, pavement marking, cost of utilities relocation, and traffic control during construction.

EXHIBIT B

A RESOLUTION OF THE BOARD OF DIRECTORS OF HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT AUTHORIZING THE CITY OF HARRISONVILLE TO PERFORM ALL FUNCTIONS INCIDENT TO THE ADMINISTRATION, COLLECTION, ENFORCEMENT, AND OPERATION OF THE DISTRICT SALES TAX AND PRESCRIBING THE FORMS AND ADMINISTRATIVE RULES AND REGULATIONS FOR REPORTING AND COLLECTING THE DISTRICT SALES TAX.

WHEREAS, the Harrisonville Towne Center Transportation Development District (the "District") was formed on _____, _____, by virtue of a judgment entered by the Circuit Court of Cass County, Missouri in Case Number _____ (the "Judgment"); and

WHEREAS, in accordance with the provisions of Chapter 238, RSMo, (the "TDD Act"), the District has imposed a one percent (1%) sales tax (the "District Sales Tax"); and

WHEREAS, the District desires to prescribe the forms and administrative rules and regulations for reporting and collecting the District Sales Tax; and

WHEREAS, the District desires to appoint the City of Harrisonville, Missouri, a Missouri municipal corporation and political subdivision (the "City"), as its authorized representative to perform all functions incident to the administration, collection, enforcement, and operation of the District Sales Tax.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT, AS FOLLOWS:

1. The District has imposed, effective _____, _____, on all sellers a tax for the privilege of engaging in the business of selling tangible personal property or rendering taxable services at retail, to the extent and in the manner provided in section 144.010 to 144.525, RSMo, and the rules and regulations of the director of revenue issued pursuant thereto, a District Sales Tax in the Harrisonville Towne Center Transportation Development District area, except that the tax shall be reported and returned to the Harrisonville Towne Center Transportation Development District or its authorized representative.

2. The District Sales Tax is imposed on all retail sales made in the District which are subject to taxation pursuant to the provisions of sections 144.010 to 144.525, RSMo, except the

District Sales Tax shall not apply to the sale or use of motor vehicles, trailers, boats or outboard motors nor to all sales of electricity or electrical current, water and gas, natural or artificial, nor to sales of service to telephone subscribers, either local or long distance.

3. Every retailer within the District shall add the District Sales Tax imposed to the retailer's sale price, and when so added such tax shall constitute a part of the price, shall be a debt of the purchaser to the retailer until paid, and shall be recoverable at law in the same manner as the purchase price.

4. All applicable provisions contained in sections 144.010 to 144.525, RSMo, governing the state sales tax, sections 32.085 and 32.087, RSMo, the uniform confidentiality provisions, shall apply to the collection of the District Sales Tax, except as modified, to the extent permitted by law, by this Resolution.

5. All exemptions granted to agencies of government, organizations, persons and to the sale of certain articles and items of tangible personal property and taxable services pursuant to the provisions of section 144.010 to 144.525, RSMo, are hereby made applicable to the imposition and collection of the District Sales Tax.

6. All discounts allowed to the retailer pursuant to the provisions of the state sales tax laws for the collection of and for payment of taxes pursuant to such laws are hereby allowed and made applicable to any District Sales Tax collection pursuant to the provisions of this Resolution.

7. The penalties provided in section 32.057, RSMo, and sections 144.010 to 144.525, RSMo, for violation of those sections are hereby made applicable to violations of this Resolution.

8. For the purpose of the District Sales Tax imposed by this resolution, all retail sales, except retail sales of motor vehicles, shall be deemed to be consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or the retailer's agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. In the event a retailer has more than one place of business in this state which participates in the sale, the sale shall be deemed to be consummated at the place of business of the retailer where the initial order for the tangible personal property is taken, even though the order must be forwarded elsewhere for acceptance, approval of credit, shipment or billing. A sale by a retailer's employee shall be deemed to be consummated at the place of business from which the employee works.

9. All District Sales Tax collected by the District, or its authorized representative, shall be deposited in a special fund to be expended for the purposes authorized in Chapter 238, RSMo and the Judgment. The District, or its authorized representative, shall keep accurate records of the amount of money which was collected pursuant to this section, and the records shall be open to the inspection of officers of the District and the general public.

10. Every retailer within the District shall, within ten (10) days of being subject to the District Sales Tax, complete a "Business Registration Form," attached to this Resolution as Exhibit 1. No bond shall be required of the retailer, so long as the retailer possesses a valid Missouri Sales Tax License.

11. Every retailer within the District shall file with the District or its authorized representative, a "District Sales Tax Return," attached to this Resolution as Exhibit 2, on or before the date that state sales tax is due for the retailer.

12. The District Sales Tax shall be paid to the District or its authorized representative, on or before the date that state sales tax is due for the retailer.

13. The District, or its authorized representative shall, at all reasonable times during business hours, have the authority to make an examination and inspection of the books and records of the retailer as may be necessary to determine the correctness of the reports required by this Resolution.

14. The City is hereby designated as the District's authorized representative to perform all functions incident to the administration, collection, and enforcement of the District Sales Tax, pursuant to the terms of the Cooperative Agreement among the District and the City.

15. These provisions of this resolution shall be the minimum requirements for administration, collection, enforcement and operation of the District Sales Tax, unless by amendment to the Revised Statutes of Missouri, subsequent to the passage of this resolution, a higher standard is required.

PASSED by the Board of Directors of the Harrisonville Towne Center Transportation Development District on _____, _____.

_____
Executive Director

EXHIBIT 1

BUSINESS REGISTRATION FORM
HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT

This form must be filed with the Harrisonville Towne Center Transportation Development District, or its authorized representative, within ten (10) days of a retailer being subject to the Harrisonville Towne Center Transportation District Sales Tax. No bond is required so long as the retailer possesses a valid Missouri Sales Tax License.

Missouri Integrated Tax System Account Number: _____

Business Name: _____

Business Address: _____

Mailing Address: _____

Contact Person: _____

Contact Telephone Number: _____

Type of Business Entity: _____

Name of Owner: _____

Address of Owner: _____

Type of Business: (Circle one or specify.)

1) Retail 2) Food Service 3) Entertainment 4) Other: _____

When will the business pay state sales tax? (Circle one.)

1) Quarter monthly 2) Quarterly 3) Monthly 4) Annually

If you have any questions regarding business registration in the Harrisonville Transportation Development District, please call the City of Harrisonville Finance Department at (816) 380-8900.

EXHIBIT 2
HARRISONVILLE TOWNE CENTER
TRANSPORTATION DEVELOPMENT DISTRICT

_____
_____, Missouri _____

SALES TAX RETURN

FORM **NLTDD-1** (REV. 11-2002)	MISSOURI TAX ACCOUNT NUMBER:
	DO NOT WRITE IN SHADED AREAS

OWNER'S NAME	REPORTING PERIOD	ADDRESS CORRECTION MAILING ADDRESS BUSINESS LOCATION
BUSINESS NAME	FEDERAL EIN	BUSINESS PHONE NUMBER:
MAILING ADDRESS	TELEPHONE NUMBER ( )	DUE DATE:
CITY	STATE ZIP	

IMPORTANT: THIS RETURN MUST BE FILED FOR THE REPORTING PERIOD INDICATED EVEN THOUGH YOU HAVE NO GROSS RECEIPTS/TAX TO REPORT.

BUSINESS LOCATION	CODE	GROSS RECEIPTS	ADJUSTMENTS (INDICATE + OR -)	TAXABLE SALES	RATE (1%)	AMOUNT OF TAX
					1%	
					1%	
					1%	
PAGE 1 TOTALS						
PAGE __ TOTALS						
TOTALS (ALL PAGES)						1.

Detailed instructions for completing the Sales Tax Return are identical to those of the State of Missouri. A copy of your Missouri State Sales Tax Return for the same period must be attached to this form.

FINAL RETURN: If this is your final return, enter the close date below and check the reason for closing your account. The Sales Tax law requires any person selling or discontinuing business to make a final sales tax return within fifteen (15) days of the sale or closing

Date Business Closed: _____

Out of Business Sold Business Leased Business

SIGN AND DATE RETURN: This form must be signed and dated by the taxpayer or by the taxpayer's authorized agent. Mail to: Harrisonville Towne Center TDD, c/o City of Harrisonville, Finance Department, 300 Pearl Street, Harrisonville, MO 64701

I have direct control, supervision or responsibility for filing this return and payment of the tax due. Under penalties of perjury, I declare that this is a true, accurate and complete return.

I ATTEST THAT I HAVE NO GROSS RECEIPTS TO REPORT FOR LOCATIONS LEFT BLANK.

SUBTRACT: 2% TIMELY PAYMENT ALLOWANCE (if Applicable).....	2. -
TOTAL SALES TAX DUE.....	3. =
ADD: INTEREST FOR LATE PAYMENT (See Line 4 of Instructions)	4. +
ADD: ADDITIONS TO TAX.....	5. +
SUBTRACT: APPROVED CREDIT.....	6. -
PAY THIS AMOUNT..... (U.S. Funds Only) ..... ▶	7. =

SIGNATURE OF TAXPAYER OR AGENT	TITLE
DATED SIGNED	TAX PERIOD (MMDDYY) THRU (MMDDYY)

INSTRUCTIONS FOR COMPLETING THE SALES TAX RETURN

Taxpayers who have questions or problems which are not covered in these instructions may obtain assistance by writing to:

City of Harrisonville
Attention: Finance Department
300 Pearl Street
Harrisonville, MO 64701
Phone voice (816) 380-8900

IMPORTANT: A return must be filed for each reporting period even though you have no tax to report. If typing your return information, please use a **minimum** of 10 point type.

BUSINESS IDENTIFICATION: Please enter your MISSOURI TAX ID NUMBER, ownership name, mailing address, reporting period and telephone number at the top of the return. Preprinted forms, or forms in electronic format on diskette, are available. If this information is not preprinted, it should be entered in the spaces provided.

ADDRESS CORRECTION: Check the appropriate box if the business address has changed since your prior return. If mailing address is checked, enter the correct information in the BUSINESS I.D. area. If business location is checked, enter the correct address for the location(s) being corrected under the BUSINESS LOCATION column.

BUSINESS LOCATION: Enter each business location in the District for which you are registered to report sales tax in this column.

CODE: District use only.

GROSS RECEIPTS: Enter gross receipts from all sales of tangible personal property and taxable services made during the reporting period for each business location. If none, enter "zero" (0).

ADJUSTMENTS: Make any qualifying adjustments for each location for which you are reporting. Indicate "plus" or "minus" for each adjustment. Refer to detailed instructions for adjustments authorized under the Missouri Sales Tax Law.

TAXABLE SALES: Enter the amount of taxable sales for each business location.
GROSS RECEIPTS (+) OR (-) ADJUSTMENTS = TAXABLE SALES.

RATE: The rate percentage is one percent (1%) in all cases.

AMOUNT OF TAX: Multiply your taxable sales for each location by the applicable tax rate percent for that location and enter AMOUNT OF TAX.

TOTALS FROM ADDITIONAL PAGES: If applicable, compute totals from additional pages indicated and enter in appropriate column.

TOTALS: Compute the total for each column.

Line 1 – TOTAL ALL PAGES: Enter the totals for all pages here.

Line 2 – TIMELY PAYMENT ALLOWANCE: If you file your return and payment on time, enter two percent (2%) of the amount shown on Line 1. If not paid by the due date or Line 1 is not greater than "zero", enter "0" or leave blank.
Example: Line 1 is $480
$480 x 2% = $9.60
$9.60 is the timely payment allowance

Line 3 – TOTAL SALES TAX DUE: Enter total sales tax due. (Line 1 "minus" Line 2.)

Line 4 – INTEREST FOR LATE PAYMENT: If tax is not paid by the due date, (A) multiply Line 3 by the daily interest rate. Then (B) multiply this amount by number of days late. See example and chart below.
Note: Number of days late is counted from due date to postmark date. For example, if the due date is March 20 and the post mark date is April 9, the payment is 20 days late.
Example: line 2 is $480
(A) $480 x .0002740 = .13152
(B) .13152 x 20 days late = 2.63
$2.63 is the interest for late payment

Year	Annual Percentage Rate	Number of Days	Daily Interest Rate
2001	10%	365	.0002740

Line 5 – ADDITIONS TO TAX: For *failure to pay* sales tax on or before the due date, 5% of Line 3. For *failure to file* a sales tax return on or before the date, 5% of Line 3 for each month late up to a maximum of 25% (5 months late in filing = 25%)

Note: If additions to tax for *failure to file* applies, do not pay additions to tax for *failure to pay.*

For example, if a return due March 20 is filed any time between March 21 – April 20, the rate would be 5%; if filed any time between April 21 – May 20, the rate would be 10%; and so on, up to a maximum of 25%.

Example: Return is due March 20, but is filed (postmarked) April 10
Line 3 is $480
$480 x 5% = $24
$24 is the addition to tax
Example: Return is due March 20, but is filed (postmarked) April 21
Line 3 is $480
$480 x 10% = $48
$48 is the addition to tax

Line 6 – APPROVED CREDIT: Enter on Line 6, any sales tax credit for which the District issued you an approved credit. You must attach a copy of your approved credit to your return.

Line 7 – PAY THIS AMOUNT: Enter the total amount due and payable. (Line 3 "plus" Line 4 "plus" Line 5 "minus" Line 6.) Send a check for the total amount. Make check, draft, or money order payable to City of Harrisonville, HARRISONVILLE TOWNE CENTER TDD (U.S. funds only). Do not send cash or stamps.

FIRST AMENDMENT TO
COOPERATIVE AGREEMENT

by and between

CITY OF HARRISONVILLE, MISSOURI,

and

HARRISONVILLE TOWNE CENTER
TRANSPORTATION DEVELOPMENT DISTRICT

Dated: April 26, 2018

FIRST AMENDMENT TO COOPERATIVE AGREEMENT

THIS FIRST AMENDMENT TO COOPERATIVE AGREEMENT, dated as of the 26th day of April, 2018 (this "**Amendment**"), by and between the **CITY OF HARRISONVILLE, MISSOURI**, a fourth-class city and political subdivision of the State of Missouri (the "**City**"), and the **HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT**, a political subdivision of the State of Missouri (the "**District**").

RECITALS:

1. The City and the District previously entered into a Cooperative Agreement, dated December 22, 2005 (the "**Original Agreement**"), governing the imposition of the District Sales Tax (as such term is defined in the Original Agreement) and the collection and distribution of the District Sales Tax Revenues as such term is defined in the Original Agreement) and certain other matters set forth therein.

2. The City has previously issued its Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2007 (the "**Series 2007 Bonds**") to refinance, in part, the costs of the District Project (as such term is defined in the Original Agreement).

3. The District has caused the completion of the District Projects and the provisions of the TDD Act (as such term is defined in the Original Agreement) have been amended with respect to the collection of the District Sales Tax.

4. The City is issuing its Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2018 (the "**Series 2018 Bonds**") for the purpose of refunding the Series 2007 Bonds and to pay costs of issuance incurrent in connection with the issuance of the Series 2018 Bonds.

5. The City and the District, in connection with the issuance of the Series 2018 Bonds, desire to amend the Original Agreement pursuant to this First Amendment (the Original Agreement, as amended by this First Amendment, the "**Agreement**").

6. On April 16, 2018, the Board of Aldermen of the City adopted Ordinance No. 3436 authorizing the City to enter into this Agreement.

7. On March 28, 2018, the Board of Directors of the District adopted Resolution No. 2018-01 authorizing the District to enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and other valuable consideration, the City and the District desire to amend the Original Agreement pursuant to the terms hereof, and the parties hereto agree as follows:

Section 1. Defined Terms. Terms not otherwise defined herein shall have the meaning ascribed to such terms in the Original Agreement. From and after the date of this Amendment, the following terms defined in the Original Agreement shall have the meanings set forth below:

"**Administrative Fee**" means the amount of the Net Proceeds that the City shall receive as compensation for administering the District Sales Tax pursuant to **Section 2.03** of the Agreement..

"**Department**" means the Department of Revenue of the State of Missouri and its successors or assigns.

"**Department Collection Fee**" means the fee charged by the Department for its services in collecting the District Sales Tax Revenues.

"**Enforcement Funds**" shall have the meaning ascribed to such term in **Section 2.03** of the Agreement.

"**Net Proceeds**" means the District Sales Tax Revenues collected by the Department less the Department Collection Fee and remitted by the Department to the District or the City.

"**TDD Obligations**" means bonds, loans, debentures, notes, special certificates, or other evidences of indebtedness issued by or at the direction of the City or the District or any other public entity at the direction of the City or the District, which pay for the District Projects, in whole or in part, or to refund outstanding TDD Obligations, including, but not limited to, the Series 2018 Bonds.

Section 2. Amendments to Article II of the Original Agreement. **Sections 2.01**, **2.02**, **2.03** and **2.04** of the Original Agreement are hereby amended by deleting such sections in full and replacing them with the following:

Section 2.01. Collection of TDD Sales Tax.

(a) Pursuant to the terms of the TDD Act and the rules and regulations of the Department, the Department is required to perform all of the functions incident to the administration, collection, enforcement, and operation of the District Sales Tax and collect the Department Collection Fee.

(b) The District and the City shall take all action to cause the Department to transfer the Net Proceeds to the City for application in accordance with the terms of this Agreement. The District covenants and agrees that to the extent the District receives any Net Proceeds from the Department, the District shall promptly transfer such Net Proceeds to the City for application in accordance with the terms of this Agreement.

(c) The Department will, from time to time, transfer the Net Proceeds to the City. Upon receipt, the City shall disburse the Net Proceeds in the manner set forth in **Section 2.03** of this Agreement. The City may, in its sole discretion, invest any or all of the District Sales Tax Revenues on deposit in the District Sales Tax Fund (as defined herein) in accordance with applicable laws relating to investment of District and City funds. All interest earned upon the balance in the District Sales Tax Fund shall be deposited to the credit thereof and shall be a part of Net Proceeds.

Section 2.02. Enforcement of the District Sales Tax.

(a) The City shall take all action necessary to enforce the collection of District Sales Tax Revenues.

(b) The City shall report any violation of the Missouri Sales Tax Law, Sections 144.010 to 144.525 of the Revised Statutes of Missouri, as amended, of which the District or the City is aware to the Department for enforcement, with a copy of such notice to the Trustee and the District. If the Department notifies the District or the City that it refuses to undertake enforcement of the TDD Sales Tax, the City shall (except as provided in the last sentence of this subsection (b)) promptly initiate an action to enforce collection and shall notify the Trustee and the District of such actions. Notwithstanding anything to the contrary in this Agreement, the City shall not undertake any enforcement action if the cost of such enforcement is, in the opinion of the City's finance director, reasonably expected to exceed the amount of revenues sought to be collected.

Section 2.03. Distribution of District Sales Tax Revenues.

(a) So long as tax increment financing is in effect within the Redevelopment Area:

(i) upon receipt, one-half of such Net Proceeds shall be Economic Activity Taxes and deposited into the Special Allocation Fund pursuant to the TIF Plan, and

(ii) one-half of such Net Proceeds shall be deposited into the into a special segregated trust fund (the "**District Sales Tax Fund**"), which shall be held and administered by the City in accordance with this Agreement. On the 1st business day of each month, the City shall apply and transfer funds on deposit in the District Sales Tax Fund as follows:

(A) *first*, the City shall retain 1% of the Net Proceeds received in the preceding month in payment of the Administrative Fee;

(B) *second*, the City shall be entitled to retain Net Proceeds in an amount sufficient to maintain $1,000 in an account to fund litigation, prosecution or defense of enforcement and collection of the District Sales Tax, which account shall be maintained by the City in an account known as the "**Enforcement Funds**," with any earnings thereon deposited to the Enforcement Funds account. The City may use the moneys on deposit in the Enforcement Funds to pay actual, reasonable costs and expenses associated with enforcing collection of the District Sales Tax, including but not limited to auditing services, collection agency services and attorneys' fees; and

(C) *third*, the City shall transfer the balance of funds in the District Sales Tax Fund to the Trustee for deposit into the TDD Sales Tax Account of the Revenue Fund established pursuant to the Trust Indenture.

(b) If tax increment financing is no longer in effect within the Redevelopment Area but TDD Obligations remain outstanding, all Net Proceeds shall be deposited into the District Sales Tax Fund. On the 1st business day of each month, the City shall apply and transfer all funds on deposit in the District Sales Tax Fund as follows:

(i) *first*, the City shall retain 1% of the Net Proceeds received in the preceding month in payment of the Administrative Fee;

(ii) *second*, the City shall be entitled to retain Net Proceeds in an amount sufficient to maintain $1,000 in the Enforcement Funds, with any earnings thereon deposited to the Enforcement Funds account. The City may use the moneys on deposit in the Enforcement Funds to pay actual, reasonable costs and expenses associated with enforcing collection of the District Sales Tax, including but not limited to auditing services, collection agency services and attorneys' fees; and

(iii) *third*, the City shall transfer the balance of funds in the District Sales Tax Fund to the Trustee for deposit into the TDD Sales Tax Account of the Revenue Fund established pursuant to the Trust Indenture.

(c) If tax increment financing is no longer in effect within the Redevelopment Area and no TDD Obligations remain outstanding, the City shall remit any Net Proceeds received by the City to the District for use by the District in accordance with the TDD Act.

(d) The District covenants and agrees that the officer of the District at any time charged with the responsibility of formulating budget proposals is hereby directed to include in the budget proposal submitted to the District Board of Directors for each fiscal year a request for an appropriation of the moneys on deposit in the District Sales Tax Fund for use in accordance with the terms of this Agreement, including the deposit of the portion of the Net Proceeds to be deposited in the TDD Sales Tax Account of the Revenue Fund established pursuant to the Trust Indenture. The foregoing provisions shall not be construed to impose any legal obligation on the District to appropriate moneys for the payment of the TDD Obligations. The District hereby directs the City to transfer all moneys on deposit in the District Sales Tax Fund, subject to annual appropriation by the District's Board of Directors, as set forth in this **Section 2.03**.

Section 2.04. Reserved.

Section 3. Original Agreement Remains in Effect. All other provisions of the Original Agreement not herein specifically amended remain in full force and effect and unmodified.

Section 4. Severability. If any provision of this Amendment is held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 5. Governing Law. This Amendment shall be governed by and construed m accordance with the laws of the State of Missouri.

Section 6. Effective Date. This Agreement shall be in effect from and after its execution by all of the parties hereto.

Section 7. Execution in Counterparts. This 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.

Section 8. Electronic Transactions. The parties agree that the transaction described herein may be conducted and related documents may be stored, sent or received 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 this page intentionally left blank*)

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers or officials.

Executed by the City on April 26, 2018.

CITY OF HARRISONVILLE, MISSOURI

[SEAL]

By:_____
Mayor

ATTEST:

By:_____
City Clerk

Executed by the District on _____, 2018.

HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT

By:_____
Chairman

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers or officials

Executed by the City on _____, 2018.

CITY OF HARRISONVILLE, MISSOURI

[SEAL]

By: _____
Mayor

ATTEST

By: _____
City Clerk

Executed by the District on 03/28, 2018.

HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT

By: Paul D. McKnight
Chairman

PAUL D. MCKNIGHT

Bill No. 29 **Ordinance No. 3436**

AN ORDINANCE AUTHORIZING THE ISSUANCE OF ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT AND SALES TAX REFUNDING REVENUE BONDS (HARRISONVILLE TOWNE CENTER PROJECT) SERIES 2018, OF THE CITY OF HARRISONVILLE, MISSOURI FOR THE PURPOSE OF PROVIDING FUNDS TO PROVIDE FUNDS TO REFINANCE CERTAIN REIMBURSABLE PROJECT COSTS INCURRED IN CONNECTION WITH THE HARRISONVILLE TOWNE CENTER REDEVELOPMENT PLAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS

WHEREAS, the City of Harrisonville, Missouri, a municipal corporation of the State of Missouri (the "**City**"), is authorized by law to provide various services within the City and its environs;

WHEREAS, the Board of Aldermen of the City has previously considered and approved the Harrisonville Towne Center Tax Increment Financing Plan (the "**Plan**");

WHEREAS, in connection with the Plan, the Board of Alderman of the City has previously approved the Tax Increment Financing Development Agreement between the City and D. J. Christie, Inc. for the Plan and pursuant to such agreement, the City has agreed to issue TIF Obligations in order to finance certain reimbursable costs incurred in connection with the Plan (the "**Project**");

WHEREAS, the City has previously issued its Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towner Center Project) Series 2007 in the original principal amount of $8,630,000, $6,245,000 of which remain outstanding as of the date hereof (the "**Series 2007 Bonds**"), for the purpose of providing funds to refinance certain reimbursable project costs incurred in connection with the Project; and

WHEREAS, the Board of Aldermen of the City has found and determined and hereby finds and determines that it is in the best interests of the City to issue its Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towner Center Project) Series 2018 (the "**Bonds**"), for the purpose of providing funds (i) to refinance certain reimbursable project costs incurred in connection with the Project through the redemption of the Series 2007 Bonds, and (ii) to pay the costs of issuance of the Bonds;

WHEREAS, the Board of Aldermen further finds and determines that it is necessary and desirable in connection with the issuance of the Bonds that the City enter into certain documents, and that the City take certain other actions and approve the execution of certain other documents as herein provided;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF HARRISONVILLE, MISSOURI, AS FOLLOWS:

Section 1. Approval of Execution and Delivery of the Bonds. The City hereby approves the execution, delivery and sale by the City of the Bonds for the above-stated purposes. The Bonds shall mature, shall be subject to redemption, shall be in such principal amount, shall bear interest at the rates and shall be secured as provided in the Indenture (as approved herein).

Section 2. Authorization of Documents. The City is hereby authorized to enter into the following documents, in substantially the forms presented to and approved by the Board of Aldermen of the City at this meeting and attached to this Ordinance (copies of these documents are on file in the office of the City Clerk and shall be permanently filed in the records of the City), with such changes therein as shall be approved by the officers of the City executing such documents, such officers' signatures thereon being conclusive evidence of their approval thereof (the "**City Documents**"):

(a) Trust Indenture (the "**Indenture**") between the City and Security Bank of Kansas City, as trustee (the "**Trustee**"), pursuant to which the Bonds shall be issued (attached hereto as **Exhibit A**);

(b) Purchase Contract (the "**Purchase Contract**") by and between the City and Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**") (attached hereto as **Exhibit B**);

(c) Continuing Disclosure Agreement (the "**Continuing Disclosure Agreement**") by and between the City and Security Bank of Kansas City, as dissemination agent (attached hereto as **Exhibit C**);

(d) First Amendment to Cooperative Agreement (the "**Cooperative Agreement Amendment**"), between the City and the Harrisonville Tow Center Transportation Development District (attached hereto as **Exhibit D**); and

(e) Official Statement to be dated the date of execution and delivery of the Purchase Contract (the "**Official Statement**") setting forth information relating to the City and the Bonds (in the form of a Preliminary Official Statement which is hereby approved (attached hereto as **Exhibit E**)).

Section 3. Redemption of the Series 2007 Bonds. The City shall, and the officials, agents and employees of the City, including the Mayor of the City and the City Clerk, are hereby authorized and directed to execute and deliver for and on behalf of the City and all certificates, documents, agreements or other instruments and to take such actions as necessary and appropriate to cause the redemption of the Series 2007 Bonds on the earliest possible date on or after the issue date of the Bonds.

In connection with the redemption of the Series 2007 Bonds, the City hereby budgets and appropriates available general municipal revenues in the amount of $100,000 to be used to pay a portion of the principal of and interest on the Series 2007 Bonds on the redemption date.

Section 4. Execution of Documents. The City is hereby authorized to enter into and the Mayor and the City Clerk are hereby authorized and directed to execute and deliver, for and on behalf of and as the act and deed of the City, the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

Section 5. Use of Official Statement. The Board of Alderman hereby ratifies and approves the Preliminary Official Statement in the form on file in the office of the City Clerk. The final Official Statement is hereby authorized and approved by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Mayor is hereby authorized to execute the Official Statement as so supplemented, amended and completed. The Board of Aldermen consents to the use and public distribution by the Underwriter of the final Official Statement in connection with the offering for sale of the Bonds.

For the purpose of enabling the Underwriter to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission (the "**Rule**"), the Mayor, the City Administrator, or the City's Director of Finance are hereby authorized, if requested, to provide the Underwriter a letter or certification to

the effect that the City deems the information contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by the Rule, and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Underwriter to comply with the requirements of such Rule.

Section 6. Severability. The sections, paragraphs, sentences, clauses and phrases of this Ordinance shall be severable. In the event that any such section, paragraph, sentence, clause or phrase of this Ordinance is found by a court of competent jurisdiction to be invalid, the remaining portions of this Ordinance are valid, unless the court finds the valid portions of the Ordinance are so essential to and inseparably connected with and dependent upon the void portion that it cannot be presumed that the Board of Aldermen has enacted the valid portions without the void ones, or unless the court finds that the valid portions, standing alone, are incomplete and are incapable of executed in accordance with the legislative intent.

Section 7. Governing Law. This Ordinance shall be governed exclusively by and construed in accordance with the applicable laws of the State of Missouri.

Section 8. Further Authorization. The City shall, and the officials, agents and employees of the City, including the Mayor of the City and the City Clerk, are hereby authorized and directed to execute and deliver for and on behalf of the City, and the City Clerk is hereby authorized and directed where appropriate to attest all certificates, documents, agreements or other instruments, and the Mayor of the City or his designated representative, the City Administrator and the Director of Finance, are hereby authorized and directed to take any and all actions, as may be necessary, desirable, convenient or proper to carry out and comply with the provisions of all agreements or contracts, necessary or reasonably incidental to the implementation of this Ordinance.

Section 9. Effective Date. This Ordinance shall take effect and be in full force from and after the date of its passage by the Board of Aldermen and approval by the Mayor.

(*Remainder of this page intentionally left blank*)

PASSED AND ADOPTED by the Board of Aldermen of Harrisonville, Missouri this 16th day of April, 2018.

Mayor

(Seal)

ATTEST:

City Clerk

APPROVED this ____ day of April, 2018.

Mayor

EXHIBIT A

INDENTURE

(*on file in the City Clerk's Office*)

EXHIBIT B

PURCHASE CONTRACT

(*on file in the City Clerk's Office*)

EXHIBIT C

CONTINUING DISCLOSURE AGREEMENT

(*on file in the City Clerk's Office*)

EXHIBIT D

COOPERATIVE AGREEMENT AMENDMENT

(*on file in the City Clerk's Office*)

EXHIBIT E

PRELIMINARY OFFICIAL STATEMENT

(*on file in the City Clerk's Office*)

CITY'S CLOSING CERTIFICATE

We, the undersigned, hereby certify that we are the duly appointed, qualified and acting Mayor and City Clerk, of the City of Harrisonville, Missouri (the "**City**"), and as such officers we are familiar with the official books and records of the City. In connection with the issuance by the City of its $5,580,000 principal amount of Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2018 (the "**Bonds**"), we hereby further certify as follows:

Capitalized words and terms used but not defined in this Certificate shall have the same meanings as set forth in the Trust Indenture, dated as of April 1, 2018 (the "**Indenture**"), between the City and Security Bank of Kansas City, as trustee (the "**Trustee**").

1. ORGANIZATION AND AUTHORITY

1.1. Due Organization. The City is a fourth class city duly organized and existing under the laws of the State of Missouri.

1.2. Resolution and Meeting. Attached hereto as **Exhibit A** hereto is a true, complete and correct copy of the ordinance of the Board of Alderman authorizing the execution, issuance and sale of the Bonds, which was adopted by the City at a meeting held on April 16, 2018 (the "**Ordinance**"), which Ordinance is in full force and effect and has not been modified, amended or repealed as of the date hereof. Attached as **Exhibit B** hereto is an excerpt of minutes of such meeting, as the same relate to the authorization, issuance and sale of the Bonds, which minutes appear in the official records of the City. Such meeting of the City was a regular meeting, or a meeting held pursuant to regular adjournment at the next preceding meeting, or a special meeting duly called and held, was open to the public and a quorum was present and acted throughout, and proper notice of such meeting 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 2.2** below, and are on this date, the duly appointed or elected, qualified and acting officers and alderman of the City, holding the respective offices set opposite their names:

Name	Title
Brian Hasek	Mayor
Bad Bockelman	Alderman
Judy Bowman	Alderman
Judy Reece	Alderman
Marcia Milner	Alderman
David Dickerson	Alderman
Chris Long	Alderman
Matt Turner	Alderman
Jessica Levsen	Alderman
Randell K. Jones	City Clerk

2. BOND TRANSCRIPT AND LEGAL DOCUMENTS

2.1. Transcript of Proceedings. The transcript of proceedings relating to the authorization and issuance of the Bonds (the "**Transcript**") furnished to the Trustee and on file in the official records of the City, includes a true and correct copy of the proceedings had by the City and other records, proceedings and documents relating to the issuance of the Bonds; said Transcript is, to the best of our knowledge, information and belief, full and complete; and such proceedings of the City shown in said Transcript have not been modified, amended or repealed and are in full force and effect as of the date hereof.

2.2. Execution of Documents. The following documents (collectively, the "**City Documents**") have been executed and delivered in the name and on behalf of the City by its duly authorized officers, pursuant to and in full compliance with the Ordinance; the copies of said documents contained in the Transcript are true, complete and correct copies or counterparts of said documents as executed and delivered by the City and are in substantially the same form and text as the copies of such documents which were before the City and approved by the Ordinance; and the said documents have not been amended, modified or rescinded and are in full force and effect as of the date hereof:

(a) Trust Indenture, dated as of April 1, 2018, between the City and the Trustee.

(b) Tax Compliance Agreement, dated as of April 1, 2018, between the City and the Trustee.

(c) Continuing Disclosure Agreement, dated as of April 1, 2018, between the City and Security Bank of Kansas City, as dissemination agent.

(d) First Amendment to Cooperative Agreement, dated April 26, 2018, between the City and Harrisonville Towne Center Transportation Development District.

(e) Purchase Contract dated April 16, 2018 between the City and Stifel, Nicolaus & Company, Incorporated.

2.3. Authorization of Documents. The City has duly authorized, by all necessary action, the execution, delivery and due performance of the City Documents and any and all such other agreements and documents as may be required to be executed, delivered and received by the City in order to carry out, give effect to and consummate the transactions contemplated by the City Documents. The City Documents, as executed and delivered, constitute legal, valid and binding obligations of the City 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).

2.4. Execution of Bonds; Signatures and Seals. The Bonds have been duly signed and executed by the manual or facsimile signatures of the Mayor and the City Clerk, who are, on the date hereof, the officials indicated by the respective signatures on the Bonds, and the signatures of each, as such officials, respectively, on each Bond and on this Certificate, are the true and genuine signatures or facsimiles thereof. The seal affixed or imprinted on the Bonds at the time of their execution was and is the duly authorized and adopted official seal of the City and was thereto affixed by the authority and direction of the governing body of the City.

2.5. Representations and Warranties in City Documents. Each of the representations and warranties of the City set forth in the City 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 City under the City Documents have been complied with and performed, and the City is not aware of any reason why it would be unable to comply with any of such covenants, conditions or obligations contained in the City Documents.

2.6. No Event of Default. At the date of this Certificate, no event of default under the City Documents has occurred and is continuing and no event has occurred and is continuing which with notice or lapse of time, or both, would constitute an event of default under the City Documents.

2.7. Official Statement. The information contained in the final Official Statement dated April 16, 2018 (the "**Official Statement**") is correct in all material respects as of the date hereof. The Preliminary

Official Statement and the Official Statement, and the public distribution of the same by the Underwriter are hereby approved for use in connection with the Bonds.

3. TAX INCREMENT FINANCING

3.1. Redevelopment Plan. The Harrisonville Towne Center Tax Increment Financing Plan approved by an ordinance adopted by the Board of Alderman October 3, 2005, is in full force and effect and has not been further amended.

3.2. Redevelopment Agreement. The Redevelopment Agreement is in full force and effect and has not been further amended. At the date of this Certificate, no event of default under the Redevelopment Agreement has occurred and is continuing and no event has occurred and is continuing which with notice or lapse of time, or both, would constitute an event of default under the Redevelopment Agreement.

3.3. Redevelopment Project. Tax increment financing has been properly adopted for Project I (as set forth in the Plan).

4. USE OF BOND PROCEEDS

4.1. Use of Bonds Proceeds. The Bonds are being issued to provide funds to refinance the Bonds and thereby refinance the Project Costs (all as defined in the Indenture), fund capitalized interest on the Bonds, fund a debt service reserve fund for the Bonds and to pay costs and expenses incurred in connection with the issuance of the Bonds.

5. LEGAL MATTERS

5.1. 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 City and to which the City is a party, or to which the property of the City is subject, which could (a) adversely affect the transactions described in the City Documents, (b) adversely affect the execution, issuance, delivery, validity or enforceability of the Bonds or the City Documents, or (c) in any way contest the due organization, corporate existence or powers of the City.

5.2. Approvals. All currently necessary approvals, whether legal or administrative, have been obtained from any applicable federal, state or local entity or agency required in connection with the construction and operation of the Project and the execution and delivery of the City Documents.

5.3. Compliance with Existing Covenants. The City is not in 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 relating to the Plan, Redevelopment Area or the Redevelopment Project to which it is a party or by which it is bound, or to which it or any of its assets is subject. Neither the execution and delivery of the City Documents nor compliance with the terms, conditions and provisions thereof will conflict with or constitute a default under, any of the foregoing.

5.4. Legal Counsel. We understand that the factual information and representations contained in this Certificate will be relied upon by the law firm of Bryan Cave Leighton Paisner LLP in rendering its opinion and that the purchaser of the Bonds will rely on such information and representations in connection with its purchase of the Bonds.

5.5 No Conflict of Interest. No member of the City or employee or consultant of the City who owns or controls an interest, direct or indirect, in the Redevelopment Area has had any official involvement in regard to the Plan, the Redevelopment Area, or the issuance of the Bonds.

5.6. Outstanding Obligations. The City does not have outstanding any bonds, notes or other obligations payable from the Special Allocation Fund other than the Bonds.

6. INSTRUCTIONS TO THE TRUSTEE AND REGISTRAR

6.1. Request to Authenticate and Deliver Bonds. The Trustee is hereby requested and authorized by the City to authenticate the Bonds. The Trustee is requested by the City to deliver the Bonds to or upon the order of Stifel, Nicolaus & Company, Incorporated, upon payment to the Trustee of the purchase price for the Bonds, computed as follows:

Principal Amount	$ 5,580,000.00
Plus: Net Original Issue Premium	25,740.70
Less: Underwriting Discount	(50,220.00)
Total Proceeds	$5,555,520.70

(*Remainder of this page intentionally left blank*)

WITNESS our hands and the seal of the City this 26th day of April, 2018.

Signature	Official Title
Brian Hasek	Mayor
Randall K. Jones	City Clerk

(SEAL)

EXHIBIT A

ORDINANCE

(*see attached*)

Bill No. 29 **Ordinance No. 3436**

AN ORDINANCE AUTHORIZING THE ISSUANCE OF ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT AND SALES TAX REFUNDING REVENUE BONDS (HARRISONVILLE TOWNE CENTER PROJECT) SERIES 2018, OF THE CITY OF HARRISONVILLE, MISSOURI FOR THE PURPOSE OF PROVIDING FUNDS TO PROVIDE FUNDS TO REFINANCE CERTAIN REIMBURSABLE PROJECT COSTS INCURRED IN CONNECTION WITH THE HARRISONVILLE TOWNE CENTER REDEVELOPMENT PLAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS

WHEREAS, the City of Harrisonville, Missouri, a municipal corporation of the State of Missouri (the "**City**"), is authorized by law to provide various services within the City and its environs;

WHEREAS, the Board of Aldermen of the City has previously considered and approved the Harrisonville Towne Center Tax Increment Financing Plan (the "**Plan**");

WHEREAS, in connection with the Plan, the Board of Alderman of the City has previously approved the Tax Increment Financing Development Agreement between the City and D. J. Christie, Inc. for the Plan and pursuant to such agreement, the City has agreed to issue TIF Obligations in order to finance certain reimbursable costs incurred in connection with the Plan (the "**Project**");

WHEREAS, the City has previously issued its Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towner Center Project) Series 2007 in the original principal amount of $8,630,000, $6,245,000 of which remain outstanding as of the date hereof (the "**Series 2007 Bonds**"), for the purpose of providing funds to refinance certain reimbursable project costs incurred in connection with the Project; and

WHEREAS, the Board of Aldermen of the City has found and determined and hereby finds and determines that it is in the best interests of the City to issue its Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towner Center Project) Series 2018 (the "**Bonds**"), for the purpose of providing funds (i) to refinance certain reimbursable project costs incurred in connection with the Project through the redemption of the Series 2007 Bonds, and (ii) to pay the costs of issuance of the Bonds;

WHEREAS, the Board of Aldermen further finds and determines that it is necessary and desirable in connection with the issuance of the Bonds that the City enter into certain documents, and that the City take certain other actions and approve the execution of certain other documents as herein provided;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF HARRISONVILLE, MISSOURI, AS FOLLOWS:

Section 1. Approval of Execution and Delivery of the Bonds. The City hereby approves the execution, delivery and sale by the City of the Bonds for the above-stated purposes. The Bonds shall mature, shall be subject to redemption, shall be in such principal amount, shall bear interest at the rates and shall be secured as provided in the Indenture (as approved herein).

Section 2. Authorization of Documents. The City is hereby authorized to enter into the following documents, in substantially the forms presented to and approved by the Board of Aldermen of the City at this meeting and attached to this Ordinance (copies of these documents are on file in the office of the City Clerk and shall be permanently filed in the records of the City), with such changes therein as shall be approved by the officers of the City executing such documents, such officers' signatures thereon being conclusive evidence of their approval thereof (the "**City Documents**"):

(a) Trust Indenture (the "**Indenture**") between the City and Security Bank of Kansas City, as trustee (the "**Trustee**"), pursuant to which the Bonds shall be issued (attached hereto as **Exhibit A**);

(b) Purchase Contract (the "**Purchase Contract**") by and between the City and Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**") (attached hereto as **Exhibit B**);

(c) Continuing Disclosure Agreement (the "**Continuing Disclosure Agreement**") by and between the City and Security Bank of Kansas City, as dissemination agent (attached hereto as **Exhibit C**);

(d) First Amendment to Cooperative Agreement (the "**Cooperative Agreement Amendment**"), between the City and the Harrisonville Tow Center Transportation Development District (attached hereto as **Exhibit D**); and

(e) Official Statement to be dated the date of execution and delivery of the Purchase Contract (the "**Official Statement**") setting forth information relating to the City and the Bonds (in the form of a Preliminary Official Statement which is hereby approved (attached hereto as **Exhibit E**)).

Section 3. Redemption of the Series 2007 Bonds. The City shall, and the officials, agents and employees of the City, including the Mayor of the City and the City Clerk, are hereby authorized and directed to execute and deliver for and on behalf of the City and all certificates, documents, agreements or other instruments and to take such actions as necessary and appropriate to cause the redemption of the Series 2007 Bonds on the earliest possible date on or after the issue date of the Bonds.

In connection with the redemption of the Series 2007 Bonds, the City hereby budgets and appropriates available general municipal revenues in the amount of $100,000 to be used to pay a portion of the principal of and interest on the Series 2007 Bonds on the redemption date.

Section 4. Execution of Documents. The City is hereby authorized to enter into and the Mayor and the City Clerk are hereby authorized and directed to execute and deliver, for and on behalf of and as the act and deed of the City, the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

Section 5. Use of Official Statement. The Board of Alderman hereby ratifies and approves the Preliminary Official Statement in the form on file in the office of the City Clerk. The final Official Statement is hereby authorized and approved by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Mayor is hereby authorized to execute the Official Statement as so supplemented, amended and completed. The Board of Aldermen consents to the use and public distribution by the Underwriter of the final Official Statement in connection with the offering for sale of the Bonds.

For the purpose of enabling the Underwriter to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission (the "**Rule**"), the Mayor, the City Administrator, or the City's Director of Finance are hereby authorized, if requested, to provide the Underwriter a letter or certification to

the effect that the City deems the information contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by the Rule, and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Underwriter to comply with the requirements of such Rule.

Section 6. Severability. The sections, paragraphs, sentences, clauses and phrases of this Ordinance shall be severable. In the event that any such section, paragraph, sentence, clause or phrase of this Ordinance is found by a court of competent jurisdiction to be invalid, the remaining portions of this Ordinance are valid, unless the court finds the valid portions of the Ordinance are so essential to and inseparably connected with and dependent upon the void portion that it cannot be presumed that the Board of Aldermen has enacted the valid portions without the void ones, or unless the court finds that the valid portions, standing alone, are incomplete and are incapable of executed in accordance with the legislative intent.

Section 7. Governing Law. This Ordinance shall be governed exclusively by and construed in accordance with the applicable laws of the State of Missouri.

Section 8. Further Authorization. The City shall, and the officials, agents and employees of the City, including the Mayor of the City and the City Clerk, are hereby authorized and directed to execute and deliver for and on behalf of the City, and the City Clerk is hereby authorized and directed where appropriate to attest all certificates, documents, agreements or other instruments, and the Mayor of the City or his designated representative, the City Administrator and the Director of Finance, are hereby authorized and directed to take any and all actions, as may be necessary, desirable, convenient or proper to carry out and comply with the provisions of all agreements or contracts, necessary or reasonably incidental to the implementation of this Ordinance.

Section 9. Effective Date. This Ordinance shall take effect and be in full force from and after the date of its passage by the Board of Aldermen and approval by the Mayor.

(*Remainder of this page intentionally left blank*)

PASSED AND ADOPTED by the Board of Aldermen of Harrisonville, Missouri this 16th day of April, 2018.

Mayor

(Seal)

ATTEST:

City Clerk

APPROVED this ____ day of April, 2018.

Mayor

EXHIBIT A

INDENTURE

(*on file in the City Clerk's Office*)

EXHIBIT B

PURCHASE CONTRACT

(*on file in the City Clerk's Office*)

EXHIBIT C

CONTINUING DISCLOSURE AGREEMENT

(*on file in the City Clerk's Office*)

EXHIBIT D

COOPERATIVE AGREEMENT AMENDMENT

(*on file in the City Clerk's Office*)

EXHIBIT E

PRELIMINARY OFFICIAL STATEMENT

(*on file in the City Clerk's Office*)

EXHIBIT B

EXCERPT OF MINUTES

(*see attached*)

EXCERPT OF MINUTES OF A MEETING OF THE BOARD OF ALDERMEN OF THE CITY OF HARRISONVILLE, MISSOURI

A regular meeting of the Board of Aldermen of the City of Harrisonville, Missouri was held at City Hall, 300 East Pearl, Harrisonville, Missouri, on Monday, April 16, 2018 at 7:00 p.m.

The following members of the Board of Aldermen were present at said meeting:

Name and Title	Present / Absent
Brian Hasek, Mayor	Present
Brad Brockelman, Alderman	Present
Judy Bowman, Alderman	Present
Judy Reece, Alderman	Present
Marcia Milner, Alderman	Present
David Dickerson, Alderman	Present
Clint Long, Alderman	Present
Matt Turner, Alderman	Present
Jessica Levsen, Alderman	Present

The City Clerk, Randall K. Jones, was present and performed the duties of that office.

The meeting was called to order by the Mayor. Minutes of the last meeting were read and on motion duly made, seconded and carried, were approved.

* * * *

(Other Business)

* * * *

Mayor Wood presented Bill No. 29 being for an Ordinance entitled as follows:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT AND SALES TAX REFUNDING REVENUE BONDS (HARRISONVILLE TOWNE CENTER PROJECT) SERIES 2018, OF THE CITY OF HARRISONVILLE, MISSOURI FOR THE PURPOSE OF PROVIDING FUNDS TO PROVIDE FUNDS TO REFINANCE CERTAIN REIMBURSABLE PROJECT COSTS INCURRED IN CONNECTION WITH THE HARRISONVILLE TOWNE CENTER REDEVELOPMENT PLAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS

Thereupon, upon motion duly made and seconded, said Bill was placed on its first reading, was read by title only and duly passed by unanimous vote.

Thereupon, Alderman Dickerson moved that said Bill be placed upon its final passage. Said motion was seconded by Alderman Levsen. Said Bill was thereupon read and considered and was duly passed by the following vote:

Aye: Brockelman, Bowman, Reece, Milner, Dickerson, Long, Turner and Levsen.

Nay: None.

Absent: None.

The Mayor thereupon declared said Ordinance duly adopted. The Bill was then numbered Ordinance No. 3436 and was thereupon signed by the Mayor and attested by the City Clerk.

****

(Other Proceedings)

****

On motion duly made and seconded, the meeting was thereupon adjourned.

Mayor

ATTEST:

City Clerk

DISTRICT CLOSING CERTIFICATE

relating to

$5,580,000
City of Harrisonville, Missouri
Annual Appropriation-Supported Tax Increment
and Sales Tax Refunding Revenue Bonds
(Harrisonville Towne Center Project)
Series 2018

I, the undersigned, hereby certify that I am the Chairman of the Harrisonville Towne Center Transportation Development District (the "**District**" or the "**TDD**"), and as such I am familiar with the books and records of the District and have all authority necessary to execute this Certificate on behalf of the District. In connection with the above-referenced bonds (the "**Series 2018 Bonds**" or the "**Bonds**") I hereby further certify for and on behalf of the District as follows as of April 26, 2018:

Capitalized terms used in this Certificate, unless the context requires otherwise, shall have the same meanings as set forth in the Trust Indenture, dated as of April 1, 2018 (the "**Indenture**"), by and between the City of Harrisonville, Missouri (the "**City**") and Security Bank of Kansas City, as trustee (the "**Trustee**").

1. Due Organization. The District is a transportation development district and political subdivision duly organized and existing under the laws of the State of Missouri, with the power and authority set forth in the TDD Act. The TDD Sales Tax was validly authorized and imposed pursuant to the TDD Act. The information contained in the transcript of proceedings (the "**Transcript**") relating to the District is to the best of our knowledge, information and belief full, correct and complete; except as set forth in the Transcript, none of such proceedings have been modified, amended or repealed; and such facts as are stated in the Transcript still exist.

2. Meetings. All meetings of the Board of Directors of the District have been 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.

3. Incumbency of Officers. The persons named below are on this date the duly appointed or elected, qualified and acting officers of the District:

Name	Title
Paul McKnight	Chairman and Director
Clint Long	Treasurer and Director
Angela Ellsworth	Secretary and Director
Derk Hawks	Director
David Dickerson	Director

4. Execution of Documents. The following documents (collectively referred to hereinafter as the "**District Documents**") have been executed and delivered in the name and on behalf of the District by its duly authorized officers, pursuant to and in full compliance with resolutions adopted by the Board of Directors (the "**Resolutions**"), and said District Documents and the Resolutions have not been amended, modified or rescinded and are in full force and effect as of the date hereof:

(a) Cooperative Agreement dated as of December 22, 2005, between the City and the District, as amended by the First Amendment to Cooperative Agreement dated as of April 26, 2018.

The District is authorized by the laws of the State of Missouri, including particularly the TDD Act, to enter into and perform its obligations under the District Documents. The District has full power and authority to consummate the transactions contemplated by the District Documents and has duly authorized and approved the execution, delivery and due performance of the District Documents. No additional or further authorization, consent or approval by any governmental body or agency not already obtained is required in connection with the valid execution and delivery of the District Documents, or in connection with the performance by the District of its obligations under the District Documents. The District Documents have been duly authorized and delivered and constitute valid and binding obligations of the District enforceable in accordance with their terms (subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar law or laws affecting the enforcement of creditors' rights generally or against political subdivisions such as the District from time to time in effect and further subject to the availability of equitable remedies).

5. Representations and Warranties. Each of the District's representations and warranties contained in the District Documents are true as of the date hereof.

6. Non-Litigation. There is no action, suit, proceeding or, to the knowledge of the District, any inquiry or investigation at law or in equity or before or by any public board or body pending or, to the knowledge of the District, threatened against or affecting the District, its officers or its property or, to the best of the knowledge of the District, any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect (a) the transactions contemplated hereby or by the District Documents, (b) the existence or powers of the District, including, but not limited to, the imposition and collection of the TDD Sales Tax, (c) the validity or enforceability of the District Documents or the ability of the District to perform its obligations thereunder, or (d) the security for the Bonds, which are not disclosed in the Official Statement.

7. No Conflict or Default. The execution and delivery of the District Documents and the other agreements contemplated thereby will not conflict with or result in a breach of any of the terms and provisions of, or constitute a default under, any existing law, court or administrative regulation, decree, order, or any agreement, indenture, mortgage, lease or other instrument to which the District is subject or by which it is or may be bound. The District is not in default under and is not violating any provision of the District Documents or any indenture, mortgage, deed of trust, lien, agreement, contract, deed, lease, loan 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 properties or assets are subject, where such default or violation would materially impair the District's operations or financial condition. The District is not in default in the payment of the principal of or interest on any indebtedness for borrowed money. No event has occurred and is continuing under the provisions of any such instrument or agreement which, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder, where such default would materially impair its operations, financial condition or creditworthiness.

(*Remainder of this page intentionally left blank*)

IN WITNESS WHEREOF, the Harrisonville Towne Center Transportation Development District has caused this certificate to be executed by its duly authorized officer as of the 26th day of April, 2018.

HARRISONVILLE TOWNE CENTER TRANSPORTATION DEVELOPMENT DISTRICT

By: Paul D. McKnight

Name: PAUL D. McKNIGHT

Title: CHAIRMAN

TRUSTEE'S CLOSING CERTIFICATE

relating to

$5,580,000
City of Harrisonville, Missouri
Annual Appropriation-Supported Tax Increment
and Sales Tax Refunding Revenue Bonds
(Harrisonville Towne Center Project)
Series 2018

The undersigned, Security Bank of Kansas City, Kansas City, Kansas, as trustee (the "**Trustee**") under the Trust Indenture, dated as of April 1, 2016 (the "**Indenture**") between the Trustee and the City of Harrisonville, Missouri (the "**City**"), authorizing the issuance of the above-referenced bonds (the "**Bonds**") of the City, does hereby certify as follows:

Capitalized terms not defined elsewhere in this Certificate shall have the meanings set forth in the Indenture.

1. Power and Authority of Trustee. The Trustee is a state banking corporation duly organized and existing, and is authorized and empowered to execute and deliver the Indenture and has full power and authority to act as Trustee and Paying Agent as provided in the Indenture.

2. Execution of Documents. The Indenture and the Tax Compliance Agreement, have been duly executed on behalf of the Trustee and its corporate seal affixed thereto and attested by the persons executing this Certificate, and each of said persons was at the time of the execution of said documents and now is the duly elected or appointed, qualified and acting incumbent of his or her respective office.

3. Receipt of Documents. The Trustee hereby acknowledges receipt of the documents specified in the Indenture, including specifically, prior to or simultaneously with the delivery of the Bonds and the City's Closing Certificate delivered at the time of closing of the Bonds and contained in the Transcript of Proceedings relating to the authorization and issuance of the Bonds.

4. Authentication of Bonds. In accordance with the written request and authorization of the City, prior to the delivery of the Bonds, the Certificate of Authentication on the Bonds so delivered was signed on behalf of the Trustee by a person, who was at the time of the authentication of the Bonds and still is at the date hereof, qualified and acting signatory of the Trustee.

5. Delivery of Bonds. At the written request and authorization of the Commission, the Trustee has on this date delivered $5,580,000 aggregate principal amount of the Bonds to or upon the order of Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**").

6. Receipt of Purchase Price of the Bonds. The Trustee on this date received on behalf of the City from the Underwriter, the purchase price of the Bonds equal to $5,555,520.70.

7. Deposit of Bond Proceeds. The Trustee on this date, in accordance with the requirements of the Indenture transferred the net proceeds of the Bonds as provided in the Indenture.

8. Authorization of Officers. The officers and signatories of the Trustee identified in paragraphs (2) and (4) hereof were at the time of the acts above mentioned, and are at the date hereof, qualified and acting signatories of the Trustee and duly authorized to perform the acts specified in such paragraphs.

9. No Conflict. The execution and delivery of the Indenture and the Tax Compliance Agreement and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or blue sky laws or regulations), 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 properties or assets held by the Trustee pursuant to the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture and the Tax Compliance Agreement.

10. No Litigation. The Trustee has not been served with any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public commission or body, nor is any such action or other proceeding threatened against the Trustee, as such but not in its individual capacity, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the collection of Loan Payments, as defined under the Indenture, to be applied to pay the principal, premium, if any, and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture or the Tax Compliance Agreement, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Indenture or the Tax Compliance Agreement.

11. No Consent. No authorization, approval, consent, or other order of any governmental agency or regulatory authority having jurisdiction over the Trustee that has not been obtained is required for the authorization, execution and delivery by the Trustee of the Indenture and the Tax Compliance Agreement or the authentication of the Bonds.

(*Remainder of this page intentionally left blank*)

IN WITNESS WHEREOF, Security Bank of Kansas City., as Trustee, has caused this certificate to be executed and its corporate seal affixed and attested by its duly authorized officers as of the 26th day of April, 2018.

SECURITY BANK OF KANSAS CITY, as Trustee

(SEAL)

By: _____
Name: Erica Lemon
Title: Assistant Vice President

ATTEST:

By: _____
Name: Pete Gardner
Title: SVP/Trust Manager

Purchaser's Receipt for Bonds and Closing Certificate

$5,580,000
City of Harrisonville, Missouri
Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds
(Harrisonville Towne Center Project)
Series 2018

The undersigned, Stifel, Nicolaus & Company, Incorporated (the **"Purchaser"**), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the **"Bonds"**).

1. ***Receipt for the Bonds.*** We acknowledge receipt on the date hereof from the Trustee of the Bonds, consisting of fully-registered Bonds numbered from 1 consecutively upward for each series in the denomination of $5,000 each or integral multiples thereof, dated as of the date of original delivery and payment therefor, delivered pursuant to the Indenture.

2. ***Compliance with Purchase Contract.*** We further acknowledge that the conditions to closing set forth in the Purchase Contract dated April 16, 2018 between the City of Harrisonville, Missouri (the **"City"**) and the Purchaser (the **"Purchase Contract"**) have been satisfied (except to the extent we have waived in writing for purposes of closing or consented to in writing to the modification of certain provisions thereof). Nothing contained herein shall affect our rights under the Purchase Contract and we retain the right to require future performance, upon reasonable written notice, of any condition to closing that has not been satisfied (and previously acknowledged in writing by the parties to the Purchase Contract prior to closing) and has, therefore, been waived for purposes of closing.

3. ***Issue Price.***

For purposes of this Section, the following definitions apply:

"Effective Time" means the time on the Sale Date that the Purchase Contract to purchase the Bonds became enforceable.

"Holding Period" means with respect to each Undersold Maturity the period beginning on the Sale Date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the Sale Date; or

(2) the date and time at which the Purchaser has sold at least 10% of that Undersold Maturity of the Bonds to the Public at one or more prices that are no higher than the Initial Offering Price.

"Initial Offering Price" means the price listed on **Schedule 1** for each Maturity.

"Maturity" means Bonds with the same credit and payment terms; Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriting Firm or a related party to an Underwriting Firm. An Underwriting Firm and a person are related if it and the person are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities

are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other.

"Sale Date" means the date of execution of the Purchase Contract.

"Undersold Maturity" or "Undersold Maturities" means any Maturity for which less than 10% of the principal amount of Bonds of that Maturity were sold as of the Effective Time.

"Underwriting Firm" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The Purchaser represents as follows:

1. Attached as **Attachment 1** is a copy of the pricing wire or similar communication used to communicate the Initial Offering Price of each Maturity to the Public.

2. As of the Effective Time all the Bonds were the subject of an initial offering to the Public.

3. As of the Effective Time none of the Bonds were sold to any person at a price higher than the Initial Offering Price for that Maturity.

4. For any Undersold Maturity, during the Holding Period each Underwriting Firm did not offer nor sell Bonds of the Undersold Maturity to the Public at a price that is higher than the respective Initial Offering Price for that Undersold Maturity.

5. Any separate agreement among any Underwriting Firm related to the sale of an Undersold Maturity during the Holding Period contained the agreement referenced in 4 above.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Compliance Agreement between the City and the Trustee dated as of April 1, 2018 and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bryan Cave Leighton Paisner LLP, Kansas City, Missouri, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Bonds.

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____
Director – Public Finance

By: _____
Vice President – Municipal Syndicate

Dated: April 26, 2018.

ATTACHMENT 1

Initial Offering Price Documentation

[Attach Pricing Wire or Other Offering Price Documentation]

MATURITY, PRINCIPAL AMOUNT, INTEREST RATE, AND PRICE

Stated Maturity	Principal Amount	Interest Rate	Price
November 1, 2018	$400,000	2.000%	100.071%
November 1, 2019	460,000	3.000	101.468
November 1, 2020	470,000	3.000	101.970
November 1, 2021	485,000	3.000	102.145
November 1, 2022	500,000	3.000	102.207
November 1, 2023	515,000	3.000	102.042
November 1, 2024	500,000	3.000	101.481
November 1, 2025	540,000	2.625	98.154
November 1, 2026	555,000	2.750	98.133
November 1, 2027*	570,000	3.000	99.507
November 1, 2028	585,000	3.000	98.842

* Undersold Maturity

RE: $ 5,580,000*
HARRISONVILLE (CITY OF) MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT
AND SALES TAX REFUNDING REVENUE BONDS
(HARRISONVILLE TOWNE CENTER PROJECT)
SERIES 2018

REPRICING AS FOLLOWS:

MOODY'S: S&P: A FITCH:

DATED:04/26/2018 FIRST COUPON:11/01/2018

DUE: 11/01

MATURITY	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
11/01/2018	400M	2.00%	1.86	0.30
		(Approx. $ Price 100.071)		
11/01/2019	460M	3.00%	2.01	0.325
		(Approx. $ Price 101.468)		
11/01/2020	470M	3.00%	2.19	3/8
		(Approx. $ Price 101.970)		
11/01/2021	485M	3.00%	2.36	3/8
		(Approx. $ Price 102.145)		
11/01/2022	500M	3.00%	2.48	3/8
		(Approx. $ Price 102.207)		
11/01/2023	515M	3.00%	2.60	3/8
		(Approx. $ Price 102.042)		
11/01/2024	500M	3.00%	2.75	3/8
		(Approx. $ Price 101.481)		
11/01/2025	540M	2.625%	2.90	0.40
		(Approx. $ Price 98.154)		
11/01/2026	555M	2.75%	3.00	0.40
		(Approx. $ Price 98.133)		
11/01/2027	570M	3.00%	3.06	0.40
		(Approx. $ Price 99.507)		
11/01/2028	585M	3.00%	3.13	0.40
		(Approx. $ Price 98.842)		

CALL FEATURES: Optional call in 11/01/2025 @ 100.00

---

* - APPROXIMATE SUBJECT TO CHANGE

** State Blue Sky Eligibility: May be distributed to retail investors in all states.

The compliance addendum MSRB Rule G-11 will apply.

The Award is expected on Monday, April 16, 2018.

Delivery is firm for Thursday, April 26, 2018.

This issue is book entry only. This issue is clearing through DTC.

	Participation
Stifel, Nicolaus & Company, Inc.	100.000%

By: Stifel, Nicolaus & Company, Inc. St. Louis, MO

Orders and Allotments by Maturity

Deal Code: MOHARRISONVILLE0418

5,580,000.
HARRISONVILLE (CITY OF) MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT

400 Bonds 11/01/2018

Cusip: 415745AM0

Coupon: 2.000 **Price: 1.8600** **Concession:** **Takedown: 0.3000**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
STIFEL	1	400.	150.	3	Yes	MEM	1.86-0.30P	Entered: 4/11/2018 10:32:55 AM;
STIFEL	5	400.	150.	4	No	MEM	1.86-0.30P	Entered: 4/12/2018 9:59:32 AM;
STIFEL	14	400.	100.	2	Yes	MEM	1.86-0.30P	Entered: 4/12/2018 11:22:30 AM;
	STIFEL	**1,200.**	**400.**					
		1,200.	400.	Totals				
		400.	400.	Maturity Size				
		-800.	.	Balance				

Orders and Allotments by Maturity

5,580,000.
HARRISONVILLE (CITY OF) MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT

460 Bonds 11/01/2019

Cusip: 415745AN8

Coupon: 3.000 **Price: 2.0100** **Concession:** **Takedown: 0.3250**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
STIFEL	4	50.	50.	5	No	MEM	2.01-0.325P	Entered: 4/12/2018 9:59:29 AM;
STIFEL	6	460.	410.	6	No	MEM	2.01-0.325P	Entered: 4/12/2018 9:59:32 AM;
	STIFEL	**510.**	**460.**					
		510.	460.	Totals				
		460.	460.	Maturity Size				
		-50.	.	Balance				

Orders and Allotments by Maturity

5,580,000.
HARRISONVILLE (CITY OF) MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT

470 Bonds 11/01/2020

Cusip: 415745AP3

Coupon: 3.000 **Price: 2.1900** **Concession:** **Takedown: 0.3750**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
STIFEL	7	470.	470.	7	No	MEM	2.19-3/8P	Entered: 4/12/2018 9:59:32 AM;
	STIFEL	**470.**	**470.**					
		470.	470.	Totals				
		470.	470.	Maturity Size				
		.	.	Balance				

Orders and Allotments by Maturity

5,580,000.
HARRISONVILLE (CITY OF) MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT

485 Bonds 11/01/2021

Cusip: 415745AQ1

Coupon: 3.000 **Price: 2.3600** **Concession:** **Takedown: 0.3750**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
STIFEL	8	485.	485.	8	No	MEM	2.36-3/8P	Entered: 4/12/2018 9:59:32 AM;
	STIFEL	**485.**	**485.**					
		485.	485.	Totals				
		485.	485.	Maturity Size				
		.	.	Balance				

Orders and Allotments by Maturity

5,580,000.
HARRISONVILLE (CITY OF) MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT

500 Bonds 11/01/2022

Cusip: 415745AR9

Coupon: 3.000 **Price: 2.4800** **Concession:** **Takedown: 0.3750**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
STIFEL	9	500.	500.	10	No	MEM	2.48-3/8P	Entered: 4/12/2018 9:59:32 AM;
	STIFEL	**500.**	**500.**					
		500.	500.	Totals				
		500.	500.	Maturity Size				
		.	.	Balance				

Orders and Allotments by Maturity

5,580,000.
HARRISONVILLE (CITY OF) MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT

515 Bonds 11/01/2023

Cusip: 415745AS7

Coupon: 3.000 **Price: 2.6000** **Concession:** **Takedown: 0.3750**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
STIFEL	3	35.	35.	9	Yes	MEM	2.60-3/8P	Entered: 4/12/2018 9:54:10 AM;
STIFEL	10	515.	480.	11	No	MEM	2.60-3/8P	Entered: 4/12/2018 9:59:32 AM;
	STIFEL	**550.**	**515.**					
		550.	515.	Totals				
		515.	515.	Maturity Size				
		-35.	.	Balance				

Orders and Allotments by Maturity

5,580,000.
HARRISONVILLE (CITY OF) MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT

500 Bonds 11/01/2024

Cusip: 415745AT5

Coupon: 3.000 **Price: 2.7500** **Concession:** **Takedown: 0.3750**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
STIFEL	11	500.	500.	12	No	MEM	2.75-3/8P	Entered: 4/12/2018 10:25:49 AM;
	STIFEL	**500.**	**500.**					
		500.	500.	Totals				
		500.	500.	Maturity Size				
		.	.	Balance				

Orders and Allotments by Maturity

5,580,000.
HARRISONVILLE (CITY OF) MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT

540 Bonds 11/01/2025

Cusip: 415745AU2

Coupon: 2.625 **Price: 2.9000** **Concession:** **Takedown: 0.4000**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
STIFEL	16	540.	540.	13	No	MEM	2.90-0.40P	Entered: 4/12/2018 1:16:24 PM;
	STIFEL	**540.**	**540.**					
		540.	540.	Totals				
		540.	540.	Maturity Size				
		.	.	Balance				

Orders and Allotments by Maturity

5,580,000.
HARRISONVILLE (CITY OF) MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT

555 Bonds 11/01/2026

Cusip: 415745AV0

Coupon: 2.750 **Price: 3.0000** **Concession:** **Takedown: 0.4000**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
STIFEL	17	555.	555.	14	No	MEM	3.00-0.40P	Entered: 4/12/2018 1:16:24 PM;
	STIFEL	**555.**	**555.**					
		555.	555.	Totals				
		555.	555.	Maturity Size				
		.	.	Balance				

Orders and Allotments by Maturity

5,580,000.
HARRISONVILLE (CITY OF) MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT

570 Bonds 11/01/2027

Cusip: 415745AW8

Coupon: 3.000 **Price: 3.0600** **Concession:** **Takedown: 0.4000**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
STIFEL	15	25.	25.	1	Yes	MEM	3.06-0.40P	Entered: 4/12/2018 11:34:26 AM;
	STIFEL	**25.**	**25.**					
		25.	25.	Totals				
		570.	570.	Maturity Size				
		545.	545.	Long				

Orders and Allotments by Maturity

5,580,000.
HARRISONVILLE (CITY OF) MISSOURI
ANNUAL APPROPRIATION-SUPPORTED TAX INCREMENT

585 Bonds 11/01/2028

Cusip: 415745AX6

Coupon: 3.000 **Price: 3.1300** **Concession:** **Takedown: 0.4000**

U/W	Ord #	Orders	Alloted	Alt #	Retail	Type	Price	Comment
STIFEL	12	585.	310.	16	No	MEM	3.13-0.40P	Entered: 4/12/2018 11:14:52 AM;
STIFEL	13	585.	275.	15	No	MEM	3.13-0.40P	Entered: 4/12/2018 11:18:05 AM;
	STIFEL	**1,170.**	**585.**					
		1,170.	585.	Totals				
		585.	585.	Maturity Size				
		-585.	.	Balance				

STIFEL

FINAL CLOSING MEMORANDUM

TO: Distribution List

CC: Curt Stalter, Manager—Treasury
Gerri Whitehorn, Senior Technician, Wire Transfer—Treasury
Donna Gantner, Treasury Liaison – Treasury

FROM: Martin Ghafoori
Becky Esrock

RE: **City of Harrisonville, Missouri (the "City")**
$5,580,000 Annual Appropriation-Supported Tax Increment
And Sales Tax Refunding Revenue Bonds
(Harrisonville Towne Center Project), Series 2018 (the "Series 2018 Bonds")

DATE: April 23, 2018

The Closing will be held at or about 10:00 a.m. Central Time, on Thursday, April 26th, by phone.

SOURCES AND USES OF FUNDS

Series 2018 Bonds					
Sources of Funds			**Uses of Funds**		
Bond Proceeds:			Deposit to Escrow Fund		
Principal Amount	$	5,580,000.00	Cash Deposit	$	6,400,813.19
Net Original Issue Premium		25,740.70	Deposit to Costs of Issuance Fund		108,944.45
Other Sources of Funds:			Underwriter's Discount		50,220.00
2007 Bonds DSRF		728,556.31			
Issuer Contribution		225,680.63			
Total	**$**	**6,559,977.64**	Total	**$**	**6,559,977.64**

PURCHASE PRICE

The purchase price for the Series 2018 Bonds is calculated as follows:

Series 2018 Bonds - Purchase Price		
Principal Amount	$	5,580,000.00
Net Original Issue Premium		25,740.70
Underwriter's Discount		(50,220.00)
Purchase Price	**$**	**5,555,520.70**

CITY FUNDS ON HAND

I. **Prior to Closing on Thursday, April 26th, the City will transfer $225,680.63 from available City funds on hand to Security Bank of Kansas City, as Trustee, for deposit into the Refinancing Account in the Project Fund** to be applied in accordance with the Trust Indenture dated as of April 1, 2018 (the "Indenture").

II. The Series 2007 Bond Trustee will hold the Series 2007 Bonds debt service reserve fund for payment of the Series 2007 Bonds in accordance with Section 403 (b) of the Indenture.

BOND PROCEEDS

III. **Prior to 10:00 a.m. on Thursday, April 26th, Stifel, Nicolaus & Company, Incorporated will wire Series 2018 Bond proceeds of $5,555,520.70 to Security Bank of Kansas City, as Trustee,** of which $108,944.45 is to be deposited into the Costs of Issuance Account in the Project Fund, to be applied in accordance with the Indenture, and $5,446,576.25 is to be deposited into the Refinancing Account in the Project Fund to be applied in accordance with the Indenture.

WIRE INSTRUCTIONS FOR THE TRUSTEE

Bank:	Security Bank of Kansas City
ABA #:	101-000-925
Acct #:	11-000-999-1018
Ref:	Harrisonville, MO TIF
Attn:	Erica Lemon

SUMMARY OF DEPOSITS TO THE REFINANCING ACCOUNT

Refinancing Account Deposits		
$	728,556.31	Debt service reserve fund for the 2007 Bonds[1]
	225,680.63	Issuer Contribution
	5,446,576.25	Series 2018 Bond Proceeds
$	**6,400,813.19**	**Total Escrow Requirements**

[1] Represents current funds on hand with the Series 2007 Bond Trustee. Accrued interest may be earned prior to the redemption date.

On the Closing Date, the Trustee will wire funds on hand in the Refinancing Account to the Series 2007 Bond Trustee. These funds, together with the Series 2007 Bonds debt service reserve funds already on hand, will be applied in accordance with the Series 2007 Indenture and the direction of the City to pay accrued interest on the Series 2007 Bonds on May 1, 2018 and to redeem the Series 2007 Bonds in full on May 17, 2018.

Closing Instructions:

Bryan Cave Leighton Paisner LLP will confirm that the funds have been transferred and upon satisfaction of all other conditions for closing, Bryan Cave Leighton Paisner LLP, Security Bank of Kansas City and Stifel will authorize the closing of the Series 2018 Bonds and contact DTC.

Payment of Costs of Issuance:

At or after closing, the Trustee will pay Costs of Issuance, per receipt of Disbursement Request signed by an Authorized City Representative, from Series 2018 Bond proceeds deposited into the Costs of Issuance Account in the Project Fund. Below is a summary of the expected costs of issuance.

COSTS OF ISSUANCE DETAIL		
Bond Counsel - Bryan Cave	$	35,000.00
Underwriter's Counsel - G&B		7,500.00
Rating - S&P		15,180.00
Financial Advisor - McLiney		41,762.50
Trustee - Security Bank		2,000.00
CUSIP		417.00
Verification Agent		1,000.00
DTC, Ipreo and Third Party Continuing Disclosure Review - Stifel		1,602.43
Misc.		4,482.52
Deposit to Project Fund for Costs of Issuance	$	108,944.45

CONDITIONAL NOTICE OF OPTIONAL REDEMPTION

Commerce Bank, as Trustee
1000 Walnut Street
Kansas City, Missouri 64106
Attention: Corporate Trust Department
Merry Evans, Vice President
(merry.evans@commercebank.com)

Re: $8,630,000 original principal amount City of Harrisonville, Missouri Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2007 (the "Series 2007 Bonds")

The City of Harrisonville, Missouri (the "**City**"), gives notice of its intent to optionally redeem the Series 2007 Bonds issued pursuant to a Trust Indenture, dated as of June 1, 2007 (the "**Indenture**"), between the City and Commerce Bank, as trustee (the "**Trustee**"), on May 17, 2018 (the "**Redemption Date**"), as follows:

(a) The City intends to provide for the discharge, payment and redemption of all of the Series 2007 Bonds on or prior to the Redemption Date in accordance with the Indenture by the deposit with the Trustee, in trust, on April 26, 2018 of moneys in an amount which amount, without consideration of any reinvestment thereof, will be fully sufficient to pay, redeem and discharge all of the principal of and interest on such Series 2007 Bonds due and payable under the Indenture on or prior to the Redemption Date, at which time all of the outstanding Series 2007 Bonds will be redeemed at a redemption price of 100% plus accrued interest.

(b) The City requests and directs the Trustee to take or cause to be taken all action necessary to call and redeem the Series 2007 Bonds as provided herein.

(c) Any funds deposited with the Trustee for the aforesaid purposes shall be used solely for the payment of the principal of and interest on the Series 2007 Bonds in accordance with these instructions and the Indenture.

The City agrees to pay all costs and expenses incurred in connection with such redemption and exchange.

This Conditional Notice of Optional Redemption is conditioned upon the deposit of funds with the Trustee in amounts sufficient to redeem the principal amount of the Series 2007 Bonds on the Redemption Date. In the event funds are not deposited in amounts sufficient to redeem the principal amount of the Series 2007 Bonds on the Redemption Date, the City directs that this Conditional Notice of Optional Redemption and any actions taken by the Trustee in connection herewith shall be of no effect. The City is in the process of providing for the issuance of refunding bonds to provide funds for the redemption of the Series 2007 Bonds. The refunding bonds are expected to be issued on or about April 26, 2018, but no assurance can be given that they will be issued and if the refunding bonds are not issued, this notice and the Conditional Notice of Optional Redemption to be given by the Trustee will be deemed rescinded and of no force and effect and the Redeemed Bonds will remain outstanding.

These instructions, upon acknowledgment of receipt and acceptance of the terms hereof by the Trustee, shall constitute a binding irrevocable agreement between the City and the Trustee.

Capitalized terms not otherwise defined in this Conditional Notice of Optional Redemption shall have the meanings ascribed to such terms in the Indenture.

(*Remainder of this page intentionally left blank*)

Dated: April 16, 2018

CITY OF HARRISONVILLE, MISSOURI

By: _____
Name: Brian Hasek
Title: Mayor

ACKNOWLEDGED AND AGREED TO BY COMMERCE BANK, as Trustee

By: _____
Name: MERRY EVANS
Title: VICE PRESIDENT

NOTICE OF FULL REDEMPTION TO THE HOLDERS OF

City of Harrisonville, Missouri

Annual Appropriation-Supported Tax Increment Revenue and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2007 Dated June 19, 2007

NOTICE IS HEREBY GIVEN, that there have been called for full redemption on May 17, 2018 all outstanding Bonds of City of Harrisonville, Missouri, Annual Appropriation-Supported Tax Increment Revenue and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2007 Dated June 19, 2007, totaling $6,245,000 in principal amount as listed below:

*CUSIP	Maturity	Rate	Amount	Price
415745AK4	11/01/2022	4.50%	$2,115,000	100.00%
415745AL2	11/01/2028	4.625%	$4,130,000	100.00%

This notice is conditioned upon the deposit of funds with the Trustee in an amount sufficient to redeem the outstanding principal amount of the Series 2007 Bonds and payment of all accrued interest thereon on or before the Redemption Date from the proceeds of refunding bonds issued by the City. If such refunding bonds are not issued, this notice will be deemed rescinded and of no force and effect, and the redeemed Series 2007 Bonds shall remain outstanding.

The Bonds are being called pursuant to the optional redemption provisions of the governing documents at the price listed above plus accrued interest to May 17, 2018 on which date all interest on the Bonds will cease to accrue. Holders of the Bonds are requested to present their Bonds, at the following addresses:

Delivery Instructions:
Commerce Trust Company
Corporate Trust Services
111 Fillmore Ave E
St. Paul, MN 55107

1-866-837-0498

By: The Commerce Trust Company
A division of Commerce Bank

as Trustee

Dated: April 17, 2018

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.*

TRUSTEE REDEMPTION CERTIFICATE

Regarding

$8,630,000
City of Harrisonville, Missouri
Annual Appropriation-Supported Tax Increment
and Sales Tax Refunding Revenue Bonds
(Harrisonville Towne Center Project)
Series 2007

Commerce Bank, as trustee (the "**Trustee**"), under the Trust Indenture, dated as of June 1, 2007 (the "**Indenture**"), between the City of Harrisonville, Missouri (the "**City**") and the Trustee, acknowledges and certifies that all conditions precedent to the satisfaction, discharge and defeasance of the above-referenced bonds (the "**Bonds**") contained in the Indenture have been either complied with or waived by the appropriate parties, the Bonds are deemed to be paid and discharged in accordance with the requirements of the Indenture, and the Indenture is fully released, satisfied and discharged in accordance with their terms.

Dated: April 26, 2018

COMMERCE BANK, as Trustee

By: _____
Name: MERRY EVANS
Title: VICE PRESIDENT

Material Event Notice Pursuant to SEC Rule 15c2-12(b)(5)(C)

Obligated Person:	**City of Harrisonville, Missouri (the "Obligated Person")**
Related Bond Issue:	**Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2007**
CUSIP Numbers:	**415745AK4 and 415745AL2**
Events Reported:	**Defeasance and redemption of the above-described bonds**

The Obligated Person is making this filing in compliance with its contractual undertaking made in accordance with SEC Rule 15c2-12 to report certain events with respect to the above-referenced bonds.

NOTICE OF DEFEASANCE AND REDEMPTION OF BONDS

Notice is hereby given that the Obligated Person has paid and discharged on April 26, 2018, all of the above-referenced bonds in the aggregate outstanding principal amount of $6,245,000 with the stated maturity dates on November 1 in the years 2022 and 2028 (the "Refunded Bonds"), in accordance with the requirements of the Trust Indenture dated as of June 1, 2007 (the "Indenture"), between the Obligated Person and Commerce Bank, as trustee (the "Trustee"), under which the Refunded Bonds were issued. The Refunded Bonds will be redeemed in full on May 17, 2018.

All conditions precedent to the satisfaction, discharge and defeasance of the Refunded Bonds under the Indenture have been complied with and the Refunded Bonds are paid and discharged under the Indenture. The requirements contained in the Indenture and the pledge of the Trust Estate 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:

City of Harrisonville, Missouri
300 East Pearl Street
Harrisonville, Missouri 64701
Attention: Director of Finance

Date Submitted: April 26, 2018

CITY OF HARRISONVILLE, MISSOURI

BRYAN CAVE LEIGHTON PAISNER LLP
One Kansas City Place, 1200 Main Street, Suite 3800, Kansas City, MO 64105-2122
T: 816 374 3200 F: 816 374 3300 bclplaw.com

April 26, 2018

City of Harrisonville, Missouri
Harrisonville, Missouri

Commerce Bank, as Trustee
Kansas City, Missouri

Re: $8,630,000 original principal amount City of Harrisonville, Missouri Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2007 (the "Series 2007 Bonds")

Ladies and Gentlemen:

This opinion is delivered to you pursuant to the Trust Indenture, dated as of June 1, 2007 (the "Indenture"), between the City of Harrisonville, Missouri (the "City") and Commerce Bank, as trustee thereunder (the "Trustee"), in connection with the satisfaction, discharge and defeasance of Series 2007 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 the principal of, and interest due or to become due on all of the Series 2007 Bonds at the times and in the manner specified in the Conditional Notice of Optional Redemption dated April 16, 2018 (the "City Notice") and the Indenture.

We have examined the law and the Indenture, the City Notice 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:

1. All conditions precedent to the satisfaction and discharge of the Indenture contained in the Indenture have been complied with or waived by the applicable party, and all conditions precedent to the satisfaction, discharge and defeasance of the Bonds contained in the Indenture have been complied with and the Bonds are deemed to be paid and discharged under the Indenture.

2. Provision for the payment, discharge and satisfaction of the Bonds through the irrevocable deposit in trust with the Trustee of cash in accordance with the provisions of the Indenture will not cause the interest on such Bonds to become included in gross income for federal income tax purposes.

We have not been requested to investigate, have not investigated, and do not express any opinion with respect to the effect on the original status of the interest on the Bonds for federal income tax purposes of any actions taken or omitted to be taken by the City with respect to the ownership, use or operation of the facilities financed or refinanced with the proceeds of the Bonds other than as stated herein.

This opinion is delivered to you for your use 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.

Very truly yours,

Bryan Cave Leighton Paisner LLP

BRYAN CAVE LEIGHTON PAISNER LLP

ROBERT THOMAS CPA

CITY OF HARRISONVILLE, MISSOURI

Verification Report
April 26, 2018

ROBERT THOMAS CPA

INDEPENDENT ACCOUNTANT'S VERIFICATION REPORT

April 26, 2018

City of Harrisonville, Missouri ("Issuer")
Harrisonville, Missouri

Commerce Bank ("Trustee")
Kansas City, Kansas

McLiney And Company ("Financial Advisor")
Kansas City, Missouri

Stifel, Nicolaus, & Company, Incorporated ("Underwriter")
St. Louis, Missouri

Bryan Cave Leighton Paisner LLP ("Bond Counsel")
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 **$5,580,000 Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2018,** dated April 26, 2018 (the "Bonds").

Proceeds from the Bonds along with debt service funds and debt service reserve funds from the 2007 Bonds (defined below) will be used to establish an initial cash deposit to currently refund the term bonds maturing November 1, 2022 and November 1, 2028 (the "Refunded Bonds") of the Issuer's outstanding **Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2007,** dated June 19, 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 Underwriter which indicate that there will be sufficient funds available in an escrow account (the "Escrow Fund") to be established on April 26, 2018 to pay the remaining debt service payments related to the Refunded Bonds (the "Escrow Requirements"), assuming the Refunded Bonds, in the aggregate principal amount of $6,245,000 will be called and redeemed on the optional redemption date of May 17, 2018 at 100.00 percent of the principal amount thereof plus accrued interest.

The procedures we performed are summarized below:

1. We independently calculated the Escrow Requirements related to the Refunded Bonds, using information from the Trust Indenture for the 2007 Bonds Official Statement for the 2007 Bonds (the "Prior Bond Documents"), compared the Escrow Requirements to the Underwriter'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 verify Escrow Requirements.

2. Using the results of our independent calculations described in procedure 1 and assuming an initial cash deposit in the amount of $6,400,813.19 to the Escrow Fund on April 26, 2018, 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.

3. 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, using information from the Prior Bond Documents, provided by the Underwriter; we found the terms to be in agreement.

4. We compared the maturity and interest payment dates, interest rates, principal maturity amounts and issue prices to the public of the Bonds, to information for the Bonds provided to us by the Financial Advisor; we found the terms to be in agreement.

Based on performing the aforementioned procedures, we have found that those schedules provided by the Underwriter, 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

This engagement was performed in accordance with consulting service 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 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 Underwriter 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 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.

Robert Thomas CPA, LLC

Shawnee Mission, Kansas

EXHIBITS

CITY OF HARRISONVILLE, MISSOURI

TABLE OF CONTENTS

Exhibit		Page
A	Cash Flow	1
B	Debt Service to Maturity and Redemption Requirements for the Refunded Bonds	2
C	Characteristics and Pricing Summary of the Bonds	3
D	Sources and Uses of Funds	4

EXHIBIT A

CITY OF HARRISONVILLE, MISSOURI

ANNUAL APPROPRIATION - SUPPORTED TAX INCREMENT AND SALES TAX REFUNDING REVENUE BONDS (HARRISONVILLE TOWNE CENTER PROJECT) SERIES 2018

CASH FLOW

Date	Cash disbursements for the Refunded Bonds (Exhibit B)	Cash balance
Initial cash deposit on 4/26/2018		$ 6,400,813.19
5/1/2018	$ 143,093.75	6,257,719.44
5/17/2018	6,257,719.44	-
	$ 6,400,813.19	

EXHIBIT B

CITY OF HARRISONVILLE, MISSOURI

ANNUAL APPROPRIATION - SUPPORTED TAX INCREMENT AND SALES TAX
REFUNDING REVENUE BONDS (HARRISONVILLE TOWNE CENTER PROJECT) SERIES 2018

DEBT SERVICE TO MATURITY
REDEMPTION REQUIREMENTS FOR THE REFUNDED BONDS

Date	Remaining Scheduled Debt Service Payments to Original Maturity Date (For Reference Purposes Only) Principal	Interest rate		Interest	Accrued Interest	Total Debt Service Payments	Redemption requirements
5/1/2018				$ 143,093.75		$ 143,093.75	$ 143,093.75
5/17/2018					$ 12,719.44		6,257,719.44
11/1/2018	$ 365,000	4.500%	(T22)	143,093.75		508,093.75	
5/1/2019				134,881.25		134,881.25	
11/1/2019	390,000	4.500%	(T22)	134,881.25		524,881.25	
5/1/2020				126,106.25		126,106.25	
11/1/2020	425,000	4.500%	(T22)	126,106.25		551,106.25	
5/1/2021				116,543.75		116,543.75	
11/1/2021	450,000	4.500%	(T22)	116,543.75		566,543.75	
5/1/2022				106,418.75		106,418.75	
11/1/2022	485,000	4.500%	(T22)	106,418.75		591,418.75	
5/1/2023				95,506.25		95,506.25	
11/1/2023	520,000	4.625%	(T28)	95,506.25		615,506.25	
5/1/2024				83,481.25		83,481.25	
11/1/2024	560,000	4.625%	(T28)	83,481.25		643,481.25	
5/1/2025				70,531.25		70,531.25	
11/1/2025	540,000	4.625%	(T28)	70,531.25		610,531.25	
5/1/2026				58,043.75		58,043.75	
11/1/2026	580,000	4.625%	(T28)	58,043.75		638,043.75	
5/1/2027				44,631.25		44,631.25	
11/1/2027	615,000	4.625%	(T28)	44,631.25		659,631.25	
5/1/2028				30,409.38		30,409.38	
11/1/2028	1,315,000	4.625%	(T28)	30,409.38		1,345,409.38	
	$ 6,245,000			$ 2,019,293.75	$ 12,719.44	$ 8,264,293.75	$ 6,400,813.19

(T22) Term bond due November 1, 2022
(T28) Term bond due November 1, 2028

(To Exhibit A)

EXHIBIT C

CITY OF HARRISONVILLE, MISSOURI

ANNUAL APPROPRIATION - SUPPORTED TAX INCREMENT AND SALES TAX REFUNDING REVENUE BONDS (HARRISONVILLE TOWNE CENTER PROJECT) SERIES 2018

CHARACTERISTICS AND PRICING SUMMARY OF THE BONDS

Scheduled maturity date	Principal	Interest Rate	Yield as of 4/26/2018	Price	Gross Production
11/1/2018	$ 400,000	2.000%	1.860%	100.071	$ 400,284.00
11/1/2019	460,000	3.000%	2.010%	101.468	466,752.80
11/1/2020	470,000	3.000%	2.190%	101.970	479,259.00
11/1/2021	485,000	3.000%	2.360%	102.145	495,403.25
11/1/2022	500,000	3.000%	2.480%	102.207	511,035.00
11/1/2023	515,000	3.000%	2.600%	102.042	525,516.30
11/1/2024	500,000	3.000%	2.750%	101.481	507,405.00
11/1/2025	540,000	2.625%	2.900%	98.154	530,031.60
11/1/2026	555,000	2.750%	3.000%	98.133	544,638.15
11/1/2027	570,000	3.000%	3.060%	99.507	567,189.90
11/1/2028	585,000	3.000%	3.130%	98.842	578,225.70
	$ 5,580,000				$ 5,605,740.70

Aggregate Offering Price of the Bonds (Exhibit D)	$ 5,605,740.70
Par amount of the Bonds	5,580,000.00
Net original issue premium	$ 25,740.70

EXHIBIT D

CITY OF HARRISONVILLE, MISSOURI

ANNUAL APPROPRIATION - SUPPORTED TAX INCREMENT AND SALES TAX
REFUNDING REVENUE BONDS (HARRISONVILLE TOWNE CENTER PROJECT) SERIES 2018

SOURCES AND USES OF FUNDS

Sources of Funds

Par amount of the Bonds	$	5,580,000.00
Net original issue premium		25,740.70
Aggregate Offering Price of the Bonds		5,605,740.70
City Contribution		225,680.63
Transfer from Debt Service Reserve Fund		728,556.31
	$	6,559,977.64

Uses of Funds

Beginning cash deposit to Escrow Fund	$	6,400,813.19
Total deposit to Escrow Fund		6,400,813.19
Underwriter's Discount		50,220.00
Issuance Costs		108,944.45
	$	6,559,977.64

Blanket Issuer Letter of Representations

[To be Completed by Issuer]

City of Harrisonville, Missouri

[Name of Issuer]

November 17, 1999

[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 Harrisonville, Missouri
(Issuer)

By: _____
(Authorized Officer's Signature)

C. A. Jones Mayor
(Typewrite Name & Title)

300 East Pearl, P.O. Box 367
(Street Address)

Harrisonville, Missouri 64701
(City) (State) (Zip)

816-380-8900
(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: _____

SCHEDULE A

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $200 million, one certificate will be issued with respect to each $200 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions; such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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, but Beneficial Owners are 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 Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

5. 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.

[6. Redemption notices shall be sent to Cede & Co. If less than all of the Securities 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.]

7. Neither DTC nor Cede & Co. will consent or vote with respect to Securities. 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 the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal and interest payments on the Securities will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. 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 Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

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

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

S&P Global
Ratings

RatingsDirect®

Summary:

Harrisonville, Missouri; Appropriations; General Obligation

Primary Credit Analyst:
Scott Nees, Chicago (1) 312-233-7064; scott.nees@spglobal.com

Secondary Contact:
Eric J Harper, Chicago (1) 312-233-7094; eric.harper@spglobal.com

Table Of Contents

Rationale

Outlook

Summary:

Harrisonville, Missouri; Appropriations; General Obligation

Credit Profile		
US$5.655 mil ann approp-supported tax incre and sales tax rfdg rev bnds ser 2018 dtd 04/12/2018 due 11/01/2028		
Long Term Rating	A/Stable	New
Harrisonville annual approp-supported tax incre & sales tax rfdg		
Long Term Rating	A/Stable	Downgraded

Rationale

S&P Global Ratings lowered its rating on Harrisonville, Mo.'s series 2007 annual appropriation-supported tax-increment and sales tax revenue bonds to 'A' from 'A+', and we assigned our 'A' rating to the city's series 2018 annual appropriation-supported tax-increment and sales tax refunding revenue bonds. At the same time, we affirmed our 'A+' rating on the city's series 2007 certificates of participation (COPs) and our 'AA-' issuer credit rating (ICR) on the city. The outlook is stable.

The downgrade on the city's series 2007 bonds reflects the application of our criteria "Issue Credit Ratings Linked to U.S. Public Finance Obligors' Creditworthiness" (published on RatingsDirect on Jan. 22, 2018). The bonds were originally issued to finance a portion of the Harrisonville Towne Center retail development, and we now rate the bonds two notches below the city's ICR under the new criteria to reflect appropriation risk, what we consider a moderate relationship between the project that the bonds financed and the city itself, and what we consider moderate payment sources supporting the bonds.

The city is issuing its series 2018 annual appropriation-supported tax-increment and sales tax refunding revenue bonds to refund the series 2007 bonds for interest cost savings. The bonds are secured by payments in lieu of taxes, economic activity tax revenues (tax-increment revenues), sales tax revenues, and annual appropriations by the city. Like the 2007 bonds, we rate the 2018 bonds two notches below the city's ICR to reflect appropriation risk, in addition to what we consider moderate relationship between the city and project and the moderate payment sources supported the bonds.

The 'A+' rating on the city's COPs reflects the city's pledge to make lease-rental payments from legally available funds, subject to annual appropriation. The rating is one notch below the city's ICR to reflect annual appropriation risk.

The 'AA-' ICR reflects our view of the city's"

- Adequate economy, with market value per capita of $52,171 and projected per capita effective buying income (EBI) at 87.3%, but that benefits from access to a broad and diverse metropolitan statistical area (MSA);
- Adequate management, with "standard" financial policies and practices under our Financial Management Assessment (FMA) methodology;

- Strong budgetary performance, with operating surpluses in the general fund and at the total governmental fund level in fiscal 2016;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2016 of 72% of operating expenditures;
- Very strong liquidity, with total government available cash at 17.2% of total governmental fund expenditures and 134.3% of governmental debt service, and access to external liquidity we consider strong;
- Adequate debt and contingent liability position, with debt service carrying charges at 12.8% of expenditures and net direct debt that is 83.7% of total governmental fund revenue, as well as rapid amortization, with 83.1% of debt scheduled to be retired in 10 years; and
- Adequate institutional framework score.

Adequate economy

We consider Harrisonville's economy adequate. The city, with an estimated population of 9,993, is the Cass County seat and is 35 miles south of downtown Kansas City. It is in the Kansas City MSA, which we consider to be broad and diverse. The city has a projected per capita EBI of 87.3% of the national level and per capita market value of $52,171. Overall, market value grew by 8.1% over the past year to $521.3 million in 2017. The county unemployment rate was 4.1% in 2016.

Residents have access to the Kansas City MSA's diverse job base, and the city itself boasts an expanding local employment pool in the retail, health care, and public sectors. The largest employers include a Wal-Mart Distribution Center (630 employees), Cass Medical Center (400), Cass County R-IX School District (380), a Wal-Mart retail store (300) and Cass County government (276). A water pipeline manufacturer, Advanced Drainage Systems (80), moved into the city in 2017. The city's top 10 taxpayers represent about 18% of the tax base, which we consider diverse.

Adequate management

We view the city's management as adequate, with "standard" financial policies and practices under our FMA methodology, indicating the finance department maintains adequate policies in some, but not all, key areas.

Management develops each year's budget with three years of historical data, and provides the council with monthly budget-to-actual reports. Although the city does not have a long-term financial plan, it recently adopted a 10-year capital plan that it will update annually and that supersedes the city's previous five-year capital plan. The city also has a formal long-term investment policy, and provides annual portfolio updates to the council. It does not have a debt management policy. Although the city does not have a formal reserve policy, management's goal is to maintain general fund available balance of 50% of expenditures, recently increased from 25%.

Strong budgetary performance

Harrisonville's budgetary performance is strong, in our opinion. The city had operating surpluses of 6.3% of expenditures in the general fund and 3.7% across all governmental funds in fiscal 2016. Our assessment accounts for the fact that we expect budgetary results could deteriorate somewhat from 2016 results in the near term.

Budgetary performance remains modestly pressured by transfers from the general fund to a tax-increment financing (TIF) fund, $131,000 in fiscal 2016, to help pay debt service. The city structured its 2017 general fund budget with a $463,000 use of reserves after transfers due to capital spending, though management indicates that estimated year-end

results reflect an approximately $510,000 surplus (6.8% of expenditures, results adjusted for nonrecurring revenues). The fiscal 2018 budget is structured with minimal changes over the prior year and reflects a $487,000 surplus (6.7% of budgeted expenditures) after transfers, and we expect the city's budgetary performance will likely remain at least adequate.

Very strong budgetary flexibility

Harrisonville's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2016 of 72% of operating expenditures, or $5.5 million. We expect the available fund balance to remain above 30% of expenditures for the current and next fiscal years, which we view as a positive credit factor.

Flexibility consists of the unassigned general fund balance. Given management's projections for fiscal 2018, we believe that flexibility will remain very strong over the near term.

Very strong liquidity

In our opinion, Harrisonville's liquidity is very strong, with total government available cash at 17.2% of total governmental fund expenditures and 134.3% of governmental debt service in 2016. In our view, the city has strong access to external liquidity if necessary.

Liquidity consists of $2.1 million in unrestricted cash and short-term investments that management considers available to support operations. We view the city's ability to access external liquidity as strong because of its recent history of issuing general obligation (GO) debt, TIF bonds and TIF developer notes. The city only has a small amount of direct-purchase debt outstanding--$80,000 total of capital leases--that mature in 2018. We do not think that these obligations pose a threat to the city's liquidity because the larger lease ($75,000) cannot be accelerated following an event of default. Given management's expectations for fiscal 2018, we do not expect the liquidity score to worsen in the near term.

Adequate debt and contingent liability profile

In our view, Harrisonville's debt and contingent liability profile is adequate. Total governmental fund debt service is 12.8% of total governmental fund expenditures, and net direct debt is 83.7% of total governmental fund revenue. Approximately 83.1% of the direct debt is scheduled to be repaid within 10 years, which is, in our view, a positive credit factor.

Management reports that the city does not have additional GO or appropriation debt plans at this time.

Harrisonville's pension contributions totaled 4.7% of total governmental fund expenditures in 2016. The city made 98% of its annual required pension contribution in 2016.

The city participates in the Missouri Local Government Employees Retirement System (LAGERS), a multiemployer defined-benefit plan that was 99% funded on a statewide basis as of June 30, 2016. Annual required contributions (ARCs) are determined by the state. The city does not subsidize retiree health care but allows retirees to remain on its health insurance at their own expense.

Adequate institutional framework

The institutional framework score for Missouri municipalities is adequate.

Outlook

The stable outlook reflects our view that Harrisonville will take the steps necessary to maintain balanced operations in most years, along with very strong liquidity and budgetary flexibility. The city's participation in the broad and diverse economy of the Kansas City MSA adds stability to the rating. We therefore do not expect to revise the rating over the next two years.

Upside scenario

A higher rating is possible if the city's key economic indicators materially improve, combined with the maintenance of very strong budgetary flexibility and liquidity.

Downside scenario

A lower rating is possible if budgetary performance deteriorates materially, weakening budgetary flexibility.

Ratings Detail (As Of March 26, 2018)		
Harrisonville rfdg COPs		
Long Term Rating	A+/Stable	Affirmed
Harrisonville ICR		
Long Term Rating	AA-/Stable	Affirmed

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.capitaliq.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.

Copyright © 2018 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.

BRYAN CAVE LEIGHTON PAISNER LLP
One Kansas City Place, 1200 Main Street, Suite 3800, Kansas City, MO 64105-2122
T: 816 374 3200 F: 816 374 3300 **bclplaw.com**

April 26, 2018

City of Harrisonville, Missouri
Harrisonville, Missouri

Security Bank of Kansas City, as Trustee
Kansas City, Kansas

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

Re: $5,580,000 aggregate principal amount of Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2018

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of the above-referenced bonds (the "Bonds") by the City of Harrisonville, Missouri (the "City"). The Bonds are being issued pursuant to a Trust Indenture, dated as of April 1, 2018 (the "Trust Indenture"), between the City and Security Bank of Kansas City, as trustee (the "Trustee"). The Bonds have been authorized and issued under and pursuant to the laws of the State of Missouri (the "State") and the Trust Indenture for the purpose of providing funds to refinance the Project (as defined in the Trust Indenture).

We have examined a transcript of proceedings relating to the authorization and issuance of the Bonds, which transcript includes, among other documents and proceedings, the following (the "Documents"):

(i) the Trust Indenture;

(ii) the TDD Agreement; and

(iii) such other documents as we have deemed relevant and necessary as a basis for the opinions set forth herein.

We have also examined the Constitution and statutes of the State, insofar as the same relate to the authorization and issuance of the Certificates and the authorization, execution and delivery of the Documents and a specimen Bond of the issue so authorized.

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

1. The Bonds have been duly authorized, executed and delivered by the City and are valid and legally binding special obligations of the City, payable solely from the Trust Estate as provided in the Trust Indenture. The Bonds do not constitute general obligations of the City nor do they constitute an

indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds.

2. The Ordinance authorizing the issuance of the Bonds and the execution and delivery of the documents in connection therewith has been duly adopted by the City and the Documents constitute the valid and legally binding obligations of the City enforceable against the City.

3. The interest on the Bonds is excludable from gross income for federal and Missouri income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinions set forth in this paragraph are subject to the condition that the City comply with all of the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), including the regulations and rulings issued thereunder by the United Stated Department of the Treasury, that must be satisfied subsequent to the issuance of the Bonds in order to preserve the exclusion of interest on the Bonds from gross income for federal and Missouri income tax purposes. The City has covenanted to comply with all of these requirements and any failure by the City to comply with such requirements may cause the interest on the Bonds to be included in gross income for federal and Missouri income tax purposes retroactively to the date of issuance of the Bonds. The Bonds have not been designated as "qualified tax-exempt obligations" (as such term is defined in Section 265(b)(3) of the Code).

The rights of the owners of the Bonds and the enforceability of the Bonds and the Ordinance may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

The opinions set forth above are based on existing law, and we do not undertake to advise you of matter which may come to our attention subsequent to the date hereof and which may affect the legal opinions expressed herein.

Sincerely yours,

Bryan Cave Leighton Paisner LLP

BRYAN CAVE LEIGHTON PAISNER LLP

BRYAN CAVE LEIGHTON PAISNER LLP
One Kansas City Place, 1200 Main Street, Suite 3800, Kansas City, MO 64105-2122
T: 816 374 3200 F: 816 374 3300 bclplaw.com

April 26, 2018

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

Security Bank of Kansas City, as Trustee
Kansas City, Kansas

Re: $5,580,000 aggregate principal amount of Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2018

Ladies and Gentlemen:

This opinion supplements our approving legal opinion of even date herewith relating to the issuance of the above-captioned bonds (the "Bonds") by the City of Harrisonville, Missouri (the "City") pursuant to the terms of a Trust Indenture, dated as of April 1, 2018 (the "Indenture"), between the City and Security Bank of Kansas City, Kansas City, Kansas, as trustee (the "Trustee"). Terms not otherwise defined in this letter shall have the meanings ascribed thereto in the Indenture.

We have examined executed copies of (a) the Indenture, (b) the Redevelopment Agreement, (c) the TDD Agreement, (d) the Preliminary Official Statement dated April 6, 2018 (the "Preliminary Official Statement"), (e) the Official Statement dated April 16, 2018 (the "Official Statement"), and (f) the originals, or copies identified to our satisfaction, of such other laws, documents, certificates, instruments, opinions and records as we have considered necessary or appropriate for purposes of this opinion.

In our examination of the documents referred to above, we have assumed the genuineness of all signatures and the due authority of the parties executing such documents, the authenticity of all such documents submitted to us as originals, and the conformity to originals of all such documents submitted to us as copies. In addition, we have relied, as to factual matters, on certificates of public officials, officials of the City, and on other documents we have examined.

Based upon the foregoing, we are of the opinion that the Bonds constitute exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended , and Section 304 (a)(4)(B) of the Trust Indenture Act of 1939, as amended; and it is not necessary, in connection with the offering and sale of the Bonds, to register any security under the Securities Act of 1933, as amended, or to qualify the Indenture under the Trust Indenture Act of 1939, as amended.

As Bond Counsel, we have examined the originals or copies, certified or otherwise identified to our satisfaction, of the Official Statement, and such other documents, certificates, letters, opinions, records and other instruments as we deem necessary to render this opinion. In the course of the preparation of the Official Statement, we have generally reviewed information furnished to us by, and have participated in conferences with, representatives of the City; representatives of the Developer; representatives of the TDD and its counsel; and representatives of the Original Purchaser and its counsel; and have relied upon

certificates of officials of the City and of other public officials and persons as we have deemed appropriate. We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of such statements. We have, however, considered the information contained in the Preliminary Official Statement and the Official Statement and, based upon our review and discussions, and assuming the accuracy of the information contained in the aforementioned documents, certificates, opinions, records and instruments, nothing has come to our attention which leads us to believe that the Preliminary Official Statement, as of its date, or the Official Statement contains any untrue statement of a material fact, or omits 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. We express no view, however, as to any financial information or financial statements contained in the Preliminary Official Statement or the Official Statement or any Appendix thereto or any other financial, technical or statistical data or any estimates, projections, assumptions or expressions of opinions included in the Preliminary Official Statement or the Official Statement or any Appendix thereto.

This letter is furnished to you solely for your benefit, and is not to be circulated by you to potential purchasers of the Bonds and may not be relied upon by, or published or communicated to, any other person or in connection with any other transaction. By rendering the foregoing opinions, we do not undertake to advise you of any changes in laws or facts which may occur or come to our attention after the date hereof.

Sincerely yours,

Bryan Cave Leighton Paisner LLP

BRYAN CAVE LEIGHTON PAISNER LLP

BRYAN CAVE LEIGHTON PAISNER LLP
One Kansas City Place, 1200 Main Street, Suite 3800, Kansas City, MO 64105-2122
T: 816 374 3200 F: 816 374 3300 **bclplaw.com**

April 26, 2018

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

Security Bank of Kansas City, as Trustee
Kansas City, Kansas

Re: $5,580,000 aggregate principal amount of Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project) Series 2018

Ladies and Gentlemen:

We have acted as special counsel to the City of Harrisonville, Missouri (the "City") in connection with the issuance of the above-referenced bonds (the "Bonds") pursuant to (i) Sections 99.800 through 99.685 of the Revised Statutes of Missouri, as amended (the "TIF Act"), and (ii) the terms of a Trust Indenture, dated as of April 1, 2018 (the "Indenture"), between the City and Security Bank of Kansas City, Kansas City, Kansas, as trustee (the "Trustee"). Each capitalized term used herein and not otherwise defined shall have the meaning ascribed to it in the Indenture.

We have examined and relied, without independent investigation, as to matters of fact, upon originals or copies, certified or otherwise identified to our satisfaction, of the following:

(a) the Redevelopment Agreement dated December 22, 2005 (the "Redevelopment Agreement") between the City and D. J. Christie, Inc. (the "Developer") for the implementation of the Harrisonville Towne Center Tax Increment Financing Plan (the "TIF Plan");

(b) the Cooperative Agreement dated December 22, 2005, as amended pursuant to a First Amendment to Cooperative Agreement dated April 26, 2018 (collectively, the "TDD Agreement"), between the City and the Harrisonville Towne Center Transportation Development District (the "TDD");

(c) the Indenture;

(d) the Continuing Disclosure Agreement dated as of April 1, 2018, between the City and Security Bank of Kansas City, as dissemination agent;

(e) the Tax Compliance Agreement dated as of April 1, 2018, between the City and the Trustee;

(f) the Purchase Contract dated as of April 16, 2018, between the City and Stifel Nicolaus & Company, Incorporated; and

(g) such other records and instruments of the City, together with applicable certificates and such other documents, as we deem necessary and relevant in rendering this opinion.

The foregoing documents described in paragraphs (a) through (f) are herein defined as the "**Transaction Documents.**"

In our examination of the foregoing, we have assumed the genuineness of all signatures, other than with respect to the City, the legal competence and capacity of natural persons, the authenticity of documents submitted to us as originals and the conformity with authentic original documents of all documents submitted to us as copies.

In connection herewith, we have assumed that, other than with respect to the City, all of the documents referred to in this opinion have been duly authorized by, have been duly executed and delivered by, and constitute the valid, binding and enforceable obligations of all of the parties to such documents, all of the signatories to such documents have been duly authorized and all such parties are duly organized and validly existing and have the power and authority (corporate or other) to execute, deliver and perform such documents.

Based upon the foregoing and in reliance thereon, and subject to the qualifications and limitations stated herein, we are of the opinion, under existing law, as follows:

1. The City is a fourth class city and political subdivision duly organized and existing under the laws of the State of Missouri. The City has all necessary power to carry on its present business, has full power, right and authority to enter into the Transaction Documents and to perform each and all of its obligations thereunder.

2. All ordinances relating to the approval of the TIF Plan, the Redevelopment Agreement, the TDD Agreement, the adoption of tax increment financing relating to the TIF Plan, the creation and formation of the TDD, an the issuance of the Bonds have been duly adopted by the Board of Aldermen of the City and approved by the Mayor of the City.

3. The execution, delivery and performance by the City of the Transaction Documents has been duly authorized by all necessary action by the City, and the Transaction Documents constitute the legal, valid and binding obligations of the City enforceable 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 that affect the rights and remedies of creditors and secured parties.

4. The execution and delivery, and the performance as of this date, by the City of the Transaction Documents does not and will not, to our knowledge, (a) violate any provision of any existing law, rule, regulation, order, writ, judgment, injunction, decree, determination or award as currently in effect to which the City is subject; (b) result in a breach of or constitute a default under the provisions of any indenture, loan or credit agreement or any other agreement, lease or instrument to which the City may be or is subject or by which it, or its property, is bound; or (c) result in, or require, the creation or imposition of any mortgage, deed of trust, assignment, pledge, lien, security interest or other charge or encumbrance of any nature or with respect to any of the properties of the City other than as provided therein.

5. No authorizations, consents, approvals, licenses, exemptions of or filings or registrations with any governmental commission, city, bureau, agency or instrumentality, domestic or foreign, or otherwise is necessary for the valid execution and delivery, and the performance as of this date, by the City of the Transaction Documents.

6. There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to our knowledge, threatened against or affecting the City, wherein an unfavorable decision, ruling or finding would materially adversely affect: (a) the transactions contemplated by, or the validity of, the Transaction Documents, 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 Transaction Documents; or (b) which in any way contests the existence, organization or powers of the City or the titles of the officials and officers of the City to their respective offices.

The phrases "known to us" and "to our knowledge" as used herein mean the current actual knowledge of attorneys of this firm who have devoted substantive attention to matters for the City in connection with the Transaction Documents, who are David Eric Reid and Stephen S. Sparks. Except to the extent expressly set forth herein, we have not undertaken any independent investigation to determine the existence or absence of any fact, and no inference as to our knowledge of the existence or absence of any fact should be drawn from our representation of the City or the rendering of the opinions set forth above.

Our opinions are limited to the laws of the State of Missouri and the federal law of the United States of America, and we do not express any opinion herein concerning any other law. Our opinions are further subject to the effect of generally applicable rules of law arising from statutes, judicial and administrative decisions, and the rules and regulations of governmental agencies that: (a) limit or affect the enforcement of provisions of a contract that purport to require waiver of the obligations of good faith, fair dealing, diligence and reasonableness; (b) limit the availability of a remedy under certain circumstances where another remedy has been elected; (c) limit the enforceability of provisions releasing, exculpating, or exempting a party from, or requiring indemnification of a party for, liability for its own action or inaction, to the extent the action or inaction involves gross negligence, recklessness, willful misconduct or unlawful conduct; (d) may, where less than all of the contract may be unenforceable, limit the enforceability of the balance of the contract to circumstances in which the unenforceable portion is not an essential part of the agreed exchange and (e) govern and afford judicial discretion regarding the determination of damages and entitlement to attorneys' fees.

Sincerely yours,

Bryan Cave Leighton Paisner LLP

BRYAN CAVE LEIGHTON PAISNER LLP

GILMORE BELL

One Metropolitan Square
211 N. Broadway, Suite 2000
St. Louis, Missouri 63102-2746

(314) 436-1000 / (314) 436-1166 FAX / gilmorebell.com

April 26, 2018

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

Re: $5,580,000 City of Harrisonville, Missouri, Annual Appropriation-Supported Tax Increment and Sales Tax Refunding Revenue Bonds (Harrisonville Towne Center Project), Series 2018

Ladies and Gentlemen:

We have acted as your counsel in connection with your purchase of the above-captioned bonds (the "*Bonds*"), pursuant to the Purchase Contract dated April 16, 2018 (the "*Purchase Contract*"), between you and the City of Harrisonville, Missouri (the "*Issuer*"). Capitalized terms used and not otherwise defined herein have the meanings assigned in the below-defined Indenture.

We have examined executed copies of (a) the Trust Indenture dated as of April 1, 2018 (the "*Indenture*"), between the City and Security Bank of Kansas City, as trustee, (b) the Preliminary Official Statement dated April 6, 2018, and the Official Statement dated April 16, 2018, (c) the opinions of Bryan Cave Leighton Paisner LLP, Kansas City, Missouri, Bond Counsel and Issuer's Counsel and (d) the originals, or copies identified to our satisfaction, of such other laws, documents, certificates, instruments and records as we have considered necessary or appropriate for purposes of this opinion.

In our examination of the documents referred to above, we have assumed the genuineness of all signatures and the due authority of the parties executing such documents, the authenticity of all such documents submitted to us as originals, and the conformity to originals of all such documents submitted to us as copies. In addition, we have relied, as to factual matters, on certificates of public officials, officials of the Issuer and on other documents we have examined.

Based on and subject to the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds are exempt from registration under the Securities Act of 1933, as amended.

2. The Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

3. The Continuing Disclosure Agreement dated as of April 1, 2018, between the Issuer and Security Bank of Kansas City, as dissemination agent related to the Bonds complies as to form in all material respects with the requirements of Rule 15c2-12(b)(5) under the Securities Exchange Act of 1934, as amended.

We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of such statements. We have, however, considered the information contained in the Preliminary Official Statement and the Official Statement, and based upon our review and discussions, and assuming the accuracy of the information contained in the aforementioned documents, certificates, opinions, records and instruments, nothing has come to our attention which leads us to believe that the Preliminary Official Statement, as of its date, except for the offering price(s), interest rate(s), selling compensation, aggregate principal amount, delivery dates, ratings, and other terms of the Bonds depending on such matters, or 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 in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. We express no view, however, as to (i) the Comprehensive Annual Financial Report for Fiscal Year Ended December 31, 2016 included in Appendix B to the Preliminary Official Statement and the Official Statement, (ii) any financial, technical or statistical data or any numbers, estimates, forecasts, projections, assumptions or expressions of opinions included in the Preliminary Official Statement or the Official Statement or any Appendix thereto, or (iii) information concerning the Depository Trust Company and the book-entry system for the Bonds.

The views expressed herein are limited to the federal laws of the United States and the laws of the State of Missouri.

This letter is delivered to you for your use only and may not be used or relied upon by any third party for any purpose whatsoever without our prior written approval in each instance.

The views expressed herein are as of the date hereof, and we assume no obligation to revise or supplement this letter to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this letter.

Very truly yours,

Gilmore & Bell, P.C.

MAS:jcg