

*In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes, except as described in this Official Statement, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The Bonds are not “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. In the opinion of Bond Counsel, under existing laws, regulations, judicial decisions and rulings, stated interest on the Bonds is exempt from income taxation by the State of Missouri. See “TAX MATTERS” in this Official Statement.*

**MISSOURI DEVELOPMENT FINANCE BOARD**

**\$55,185,000**

**Infrastructure Facilities Revenue Bonds  
(City of Independence, Missouri, Annual Appropriation  
Electric System Revenue Bonds—Dogwood Project)  
Series 2012A**

**Dated: Date of Issuance**

**Due: See Inside Cover Page**

The Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. Principal of and semiannual interest on the Bonds will be paid from moneys available therefore under the Indenture (herein defined) by Commerce Bank, Kansas City, Missouri, as Trustee and Paying Agent. Principal of the Bonds will be due as shown on the inside cover page. Interest on the Bonds will be payable on each June 1 and December 1, beginning on December 1, 2012.

**The Bonds are subject to redemption prior to maturity as described herein. See “THE BONDS-Redemption.”**

The Bonds will be payable solely from, and will be secured by: (i) loan payments (defined herein) made by the City, pursuant to the annually renewable Financing Agreement described herein between the Missouri Development Finance Board (the “Board”) and the City of Independence, Missouri (the “City”); (ii) a security interest granted in the interest acquired in certain facilities with the proceeds of the Bonds (the “Mortgaged Property”), and (iii) certain other funds held by the Trustee under the Indenture. See “**SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS.**”

The scheduled payment of principal of and interest on the Bonds maturing on June 1 in the years 2024 through 2028, inclusive, and the Bonds with a stated maturity of 2037 bearing interest at 4.75% (CUSIP 60636C6E4) (the “Insured Bonds”) when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**

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

*The Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without any notice and to the approval of legality by Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel. Certain legal matters related to this Official Statement will be passed upon by Gilmore & Bell, P.C., Kansas City, Missouri. Certain legal matters will be passed on for the City by Dayla Bishop Schwartz, City Counselor, Independence, Missouri, and for the Board by Gilmore & Bell, P.C., Kansas City, Missouri. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about April 5, 2012.*

**PiperJaffray®**

**\$55,185,000**  
**Infrastructure Facilities Revenue Bonds**  
**(City of Independence, Missouri, Annual Appropriation**  
**Electric System Revenue Bonds– Dogwood Project)**  
**Series 2012A**

**Dated: April 5, 2012**

**Due: June 1 as shown below**

**Maturity Schedule**

**Uninsured Serial Bonds – S&P Rating A-**

<b><u>Due</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Offering Prices</u></b>
2013	\$620,000	2.000%	100.937%
2014	800,000	2.000	101.140
2020	150,000	4.000	105.185
2021	1,005,000	5.000	111.742
2022	1,055,000	5.000	111.186
2023	1,110,000	5.000	109.322 <sup>c</sup>
2029	2,675,000	4.375	97.576

**Uninsured Term Bonds – S&P Rating A-**

\$5,730,000 Term Bonds due June 1, 2031, Interest Rate: 5.000%, Offering Price: 103.128%<sup>c</sup>  
 \$20,000,000 Term Bonds due June 1, 2037, Interest Rate: 5.000%, Offering Price: 100.000%

**Insured Serial Bonds – S&P Insured Rating AA- (stable outlook) (Underlying S&P Rating A-)**

<b><u>Due</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Offering Prices</u></b>
2024	\$995,000	4.000%	99.424%
2025	2,200,000	5.000	108.273 <sup>c</sup>
2026	2,315,000	5.000	107.409 <sup>c</sup>
2027	2,430,000	5.000	106.723 <sup>c</sup>
2028	2,555,000	5.000	106.043 <sup>c</sup>

**Insured Term Bonds – S&P Insured Rating AA- (stable outlook) (Underlying S&P Rating A-)**

\$11,545,000 Term Bonds due June 1, 2037, Interest Rate: 4.750%, Offering Price: 98.549%

The scheduled payment of principal of and interest on the Insured Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by ASSURED GUARANTY MUNICIPAL CORP.



<sup>c</sup> priced to call date

## PLAN OF FINANCE

### Estimated Sources and Uses of the Proceeds of the Bonds

The City will use the proceeds from the sale of the Bonds for the purposes described below under the caption “**The City Acquisition.**” The proceeds from the sale of the Bonds are currently estimated to be applied as follows:

#### *Sources of Funds:*

Principal amount	\$55,185,000.00
Original Issue Premium /(Discount)	974,6354.65
Prior Issue Debt Service Funds	<u>628,136.25</u>
Total sources of funds	\$56,787,771.90

#### *Uses of Funds:*

Deposit to the Project Fund	47,736,000.00
Debt Service Reserve Fund	5,372,771.29
Refunding Deposit	1,898,136.25
Capitalized Interest	445,000.00
Costs of Issuance <sup>†</sup>	<u>1,335,864.36</u>
Total uses of funds	\$56,787,771.90

<sup>†</sup>Costs of Issuance include underwriter’s discount and Bond Insurance premium.

### The City Acquisition

**General.** The Bonds are being issued to fund acquisition by the City of a 12.3% undivided interest in the Dogwood Generating Facility, a combined cycle, natural gas-fired electrical generating facility rated at approximately 650 megawatts located in Pleasant Hill, Cass County, Missouri (the “Dogwood Plant”). Construction of the Dogwood Plant was completed and commenced commercial operation in the year 2002 and, prior to acquisition by the City and other buyers of interests in the plant as described herein, was entirely owned by Dogwood Energy LLC (“Dogwood”). Dogwood Energy is a special purpose company that is a wholly owned facility of Kelson Limited Partnership (“Kelson”).

The Dogwood Plant consists of approximately 67 acres (of which 30 acres is the plant proper) and a 2x2x1 combined-cycle power generation plant consisting of two (2) Siemens 501F-D2 combustion turbine generators, two (2) Toshiba heat recovery steam generators, one (1) Toshiba steam turbine generator and ancillaries. The Dogwood Plant is fueled by natural gas supplied by Panhandle Eastern and Southern Star through a pipeline that interconnects with interstate transmission pipelines owned by Southern Star and Panhandle. Water is supplied to the plant by Kansas City, Missouri under the terms of a twenty year contract entered into in 1999, with provisions for automatic five year contract renewals.

The electrical interconnection for the Dogwood Plant includes three 161 kV interconnections and two 345 kV interconnections. One 161 kV line has direct connection to the City of Harrisonville, Missouri.

**Dogwood Plant Ownership.** The City anticipates that during 2012 the Kansas Power Pool (“KPP”) will acquire a 6.6% interest in the Dogwood Plant and the Missouri Joint Municipal Electric Utility Commission (“MJMEUC”) will acquire an 8.2% interest in the Dogwood Plant. Each of the City, KPP and MJMEUC have entered into separate Asset Purchase Agreements with Dogwood Energy for acquisition of their separate interests. Closing of each such purchase is independent of the other purchases closing. If all such closings occur Dogwood Energy would own the remaining 72.9% interest in the Dogwood Plant. As of the date hereof, MJMEUC has closed on its acquisition of a portion of the Dogwood Plant.

KPP is a quasi-municipal joint action agency formed under the laws of the State of Kansas and currently with 42 municipal members. Thirty-three of these cities buy wholesale energy through KPP, while nine cities

belong to KPP as non-voting members and buy no energy through KPP. KPP statutorily exists for the purpose of planning, studying and developing supply, transmission and distribution facilities and programs and for the purpose of securing an adequate, economical and reliable supply of electricity and other energy and transmitting the same for distribution through the distribution systems of member cities.

MJMEUC is a body public and corporate of the State of Missouri created by contract as of May 1, 1979, for the purpose of permitting cities, incorporated towns and villages of the State that own and operate retail electric utility systems and that become parties to such contract to secure, by joint action among themselves, or by contract with other utilities, an adequate, reliable and economical supply of electric power and energy. MJMEUC's Members currently consist of 69 municipally-owned retail electric systems. In 1989, MJMEUC created a second category of membership, referred to as "advisory membership," to allow rural electric cooperatives located within or outside of the State and municipalities located outside the State (both of which, in accordance with Missouri law and the joint contract pursuant to which MJMEUC was created, do not qualify for regular membership) to participate in MJMEUC's power supply programs and projects. MJMEUC's advisory members currently consist of one rural electric cooperative and three municipally-owned retail electric systems located in the State of Arkansas.

The City, Dogwood, KPP and MJMEUC are anticipated to be co-owners of the Dogwood Plant upon the completion of the acquisitions described above. The City anticipates that Dogwood will continue to attempt to sell all or portions of its remaining percentage ownership interest in the Dogwood Plant, including the possibility of such a sale to the Unified Government of Wyandotte County/Kansas City, Kansas Board of Public Utilities later this year.

The interests owned by each co-owner of the Dogwood Plant will be undivided tenant in common interests. The documents associated with ownership and management of the Dogwood Plant which each co-owner is required to enter into include a waiver of the right to partition such co-tenancy. The assets of the Dogwood Plant acquired under the asset purchase agreement include interests in the following equal to the percentage share acquired (12.3% in the case of the City): real and personal property, certain real property entitlements, on hand inventory, certain permits and emissions allowances, computer software, certain contracts related to the facility and warranties. An account for working capital will also be established at the closing of the sale.

In association with the initial construction of the Dogwood Plant, Cass County, Missouri, provided real and personal property tax abatement under a method where the County took fee title to the plant and leased it back to Dogwood. As part of the negotiated abatement transaction, Dogwood was to make payments in lieu of taxes ("PILOTS") with the net effect being the achievement of partial tax abatement. In order for the City to complete the acquisition of its share of the Dogwood Plant free and clear of the County's ownership interest, and because the City's interest is exempt from real and personal property tax under Missouri Law because of the City's ownership, it is prepaying a proportionate amount of PILOTS as part of the purchase price. In the instance of out of state municipal owners (e.g. KPP) and private entity owners such as Dogwood, the tax abatement structure will stay in place so that those owners can continue to enjoy the benefit of tax abatement during its term. During that time, such owners will own a leasehold interest in portions of Dogwood Plant owned by Cass County with a right to purchase an undivided fee simple interest at any time. Cass County has been indemnified by the potential owners and purchasers of the Dogwood Plant, including the City, with respect to the tax abatement, operation of the Dogwood Plant, and related matters.

**Management of Dogwood Plant.** Each co-owner is required to enter into a Project Management Agreement (the "Project Management Agreement") and a Participation Agreement (the "Participation Agreement") as part of taking its interest. The Participation Agreement primarily governs the relationship of the co-owners, including such things as budgeting, committees, voting and other ownership matters, while the Project Management Agreement, which is between the co-owners and, initially, Dogwood Power Management, LLC ("Dogwood Power Management") as project manager, primarily governs the relationship between the co-owners and the manager of the Dogwood Plant. Each co-owner is entitled to a share of the Dogwood Plant output equal to its percentage share (e.g. 12.3% in the case of Independence). Summaries of the Project Management Agreement and Participation Agreement are contained in **Appendix G** hereto. The Deed of Trust is explicitly subject to the Participation Agreement.

It is anticipated that at the time of purchase Dogwood Power Management will contract with North American Energy Services Corporation (“NAES”) to operate and maintain the plant and with Westar Energy, Inc (“Westar”) to dispatch the plant and schedule energy into the Southwest Power Pool (“SPP”) Regional Transmission Operator marketplace and elsewhere. Dogwood Power Management will be the contracting entity on behalf of the owners of the Dogwood Plant. NAES and Westar currently perform these respective functions for the Dogwood Plant.

**Calculation of Purchase Price.** The estimated purchase price to be paid by the City to Dogwood under its asset purchase agreement for the 12.3% interest is calculated as follows, and is subject to revision based on the agreement:

Base Purchase Price	\$45,860,684.43
PILOT Prepayment Amount	1,740,000.00
Project Account, Working Capital, Prepaid Expenses	<u>899,222.68</u>
<b>Total</b>	<b>\$48,499,907.11</b>

The City will fund the deposit to the Project Account, Working Capital and Prepaid Expenses from its cash. The Mortgaged Property will consist of the City’s 12.3% interest in the Dogwood Plant that is acquired with the proceeds of the Bonds. For further information on the Electric System, see **Appendix A**.

**Refunding of the Refunded Bonds**

From the proceeds of the Bonds, the City will deposit in escrow with the paying agent for the Refunded Bonds an amount sufficient to defease, redeem and pay the Refunded Bonds. The redemption will occur on June 1, 2012.

**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 Gilmore & Bell, P.C., Bond Counsel, 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 not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.