

**NEW ISSUE  
(Book Entry Only)**

**S&P Rating “A”  
See “RATING” herein.**

*In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), (1) the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (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.*

**MISSOURI DEVELOPMENT FINANCE BOARD**

**\$52,525,000**

**Infrastructure Facilities Leasehold Improvement and Refunding Revenue Bonds  
(City of Independence, Missouri – Electric System Projects)  
Series 2012F**

**Dated: Date of Delivery**

**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 therefor 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 June 1, 2013.

**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) lease payments (defined herein) made by the City, pursuant to the annually renewable Lease Purchase Agreement described herein between the Missouri Development Finance Board (the “Board”) and the City of Independence, Missouri (the “City”); (ii) a leasehold interest granted in the facilities financed or refinanced with the proceeds of the Bonds (the “Leased Property”), and (iii) certain other funds held by the Trustee under the Indenture. See “**SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS.**”

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 THEREFOR 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 December 13, 2012.*

**PiperJaffray®**

The date of this Official Statement is December 4, 2012

**MISSOURI DEVELOPMENT FINANCE BOARD**

**\$52,525,000**

**Infrastructure Facilities Leasehold Improvement and Refunding Revenue Bonds  
(City of Independence, Missouri – Electric System Projects)  
Series 2012F**

**Dated: Date of Delivery**

**Due: June 1 as shown below**

**Maturity Schedule**

**Serial Bonds**

| <b><u>Due<br/>June 1</u></b> | <b><u>Principal<br/>Amount</u></b> | <b><u>Interest<br/>Rate</u></b> | <b><u>Offering<br/>Prices</u></b> |
|------------------------------|------------------------------------|---------------------------------|-----------------------------------|
| 2013                         | \$140,000                          | 3.000%                          | 101.022%                          |
| 2014                         | 185,000                            | 3.000                           | 102.904                           |
| 2015                         | 1,765,000                          | 4.000                           | 106.835                           |
| 2016                         | 1,835,000                          | 4.000                           | 108.803                           |
| 2017                         | 1,905,000                          | 4.000                           | 110.214                           |
| 2018                         | 1,980,000                          | 4.000                           | 111.459                           |
| 2019                         | 2,060,000                          | 4.000                           | 112.268                           |
| 2020                         | 2,915,000                          | 4.000                           | 112.257                           |
| 2021                         | 3,040,000                          | 4.000                           | 111.948                           |
| 2022                         | 3,155,000                          | 4.000                           | 111.502                           |
| 2023                         | 3,285,000                          | 4.000                           | 109.656 <sup>c</sup>              |
| 2024                         | 3,630,000                          | 4.000                           | 109.221 <sup>c</sup>              |
| 2025                         | 1,920,000                          | 3.000                           | 98.767                            |
| 2026                         | 1,970,000                          | 3.000                           | 98.255                            |
| 2027                         | 2,035,000                          | 3.000                           | 97.470                            |

**Term Bonds**

\$11,305,000 Term Bonds due June 1, 2032, Interest Rate: 4.000%, Offering Price: 105.234%<sup>c</sup>  
\$9,400,000 Term Bonds due June 1, 2037, Interest Rate: 4.000%, Offering Price: 102.779%<sup>c</sup>

<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 captions “**The Project**” and “**Refunding of the Refunded Bonds**”. The following table does not include the Series 2012A Bonds which were issued solely to fund acquisition of a portion of the Dogwood plant as described herein. The proceeds from the sale of the Bonds together with future series of Additional Bonds or other financing anticipated to be issued for the Project are currently estimated to be applied as follows:

#### *Sources of Funds:*

|                                     | <u>Series 2009D Bonds</u> | <u>Series 2010B Bonds</u> | <u>Series 2012F Bonds*</u> | <u>Future Series</u> | <u>Total</u>     |
|-------------------------------------|---------------------------|---------------------------|----------------------------|----------------------|------------------|
| Principal amount                    | \$31,415,000.00           | \$33,645,000.00           | \$52,525,000.00            | \$28,580,000.00      | \$146,165,000.00 |
| Original Issue Premium / (Discount) | (654,408.80)              | 857,788.10                | 3,441,876.55               |                      | 3,645,255.85     |
| Accrued Interest                    | 49,134.09                 | 118,003.13                | 0                          |                      | 167,137.22       |
| Prior Reserve Fund                  | 0.00                      | 0.00                      | 2,825,148.60               |                      | 2,825,148.60     |
| Total sources of funds              | \$30,809,725.29           | \$34,620,791.23           | \$58,792,025.15            | \$28,580,000.00      | \$152,802,541.67 |

#### *Uses of Funds:*

|                             | <u>Series 2009D Bonds</u> | <u>Series 2010B Bonds</u> | <u>Series 2012F Bonds*</u> | <u>Future Series</u> | <u>Total</u>     |
|-----------------------------|---------------------------|---------------------------|----------------------------|----------------------|------------------|
| Deposit to the Project Fund | \$27,250,976.45           | \$23,595,595.95           | \$20,000,000               | \$25,000,000         | \$95,846,572.40  |
| Debt Service Reserve Fund   | 2,825,082.68              | 2,524,312.36              | 4,038,466.45               | 2,858,000.00         | 12,245,861.49    |
| Debt Service Fund           | 49,134.09                 | 118,003.13                | 0.00                       |                      | 167,137.22       |
| Refunding Deposit           | -                         | 7,639,983.96              | 33,731,015.43              |                      | 41,370,999.39    |
| Costs of Issuance†          | 684,532.07                | 742,895.83                | 1,022,543.27               | 722,000.00           | 3,171,971.17     |
| Total uses of funds         | \$30,809,725.29           | \$34,620,791.23           | \$58,792,025.15            | \$28,580,000.00      | \$152,802,541.67 |

\* Series 2012F Bonds include refunding portion to advance refund Series 2009D Bonds

† Costs of Issuance include underwriter’s discount.

### The Project

**General.** The City anticipates that in the years 2009 through 2014 it will need to fund approximately \$95,000,000 in projects for the Electric System (not including acquisition of a portion of the Dogwood Plant as described herein). Approximately \$52,252,283 of this amount will be funded with the proceeds of the Bonds, or was funded with the proceeds of the Refunded Bonds, and \$23,595,595 was funded with the proceeds of the Series 2010B Bonds. In 2008 the City adopted a rate plan that provides annual rate increases in the years 2009 through 2012. This rate plan will fund these projects, which can be generally described as expenditures for either the Production portion or the Transmission and Distribution portion of the Electric System. The City anticipates the issuance of Additional Bonds, or bonds secured in the same manner as the Bonds but under a separate Indenture, in future years to complete future phases of the Project. The items listed below are only those portions of the Project to be funded in whole or in part from the proceeds of the Bonds.

**Anticipated Electric Production Projects.** The City operates five coal-fired steam generating units located at two different plant sites (Blue Valley and Missouri City) and seven combustion turbine units located at four different locations (Blue Valley RCT, Substation H, Substation I and Substation J) on the City’s electrical system. The City will undertake various projects related to these generating facilities to maintain their reliable operation, as well as to maintain insurance coverage on the generating facilities. Production system improvements to be funded in whole or in part from the proceeds of the Bonds include turbine/generator inspection/repair, power cabling replacement project, air compressor project and other smaller miscellaneous projects at the Blue Valley generating facility and hot gas path inspection for the combustion turbines at Substations I and J. Additional expenses that may be funded will include engineering, permitting and similar costs related to evaluation of the construction of a new generation facility to supply power to the System.

**Anticipated Electric Transmission and Distribution Projects.** Transmission and Distribution system improvements to be funded in whole or in part from the proceeds of the Bonds include a new 69 kilovolt transmission line and associated substation terminal project, addition of substation capacitor banks, rebuild of an existing substation, facility conversion of the street lighting system to light emitting diode (LED) street lights, overhead to underground line conversion projects, and major distribution line projects.

The Leased Property will consist of the equipment and facilities acquired with the proceeds of the Bonds to complete the Project. 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 Commerce Bank, as escrow agent under an escrow agreement for the Board's outstanding Infrastructure Facilities Leasehold Revenue Bonds (City of Independence, Missouri – Electric System Projects) Series 2009D, which were issued in the original principal amount of \$31,415,000, all of which are currently outstanding and are being advance refunded with the proceeds of the Bonds (the "Refunded Bonds"), an amount sufficient, together with the interest thereon, to advance refund, defease, redeem and pay the Refunded Bonds. Refunded Bonds which have not become due for scheduled payment will be called for redemption and payment in advance of maturity on June 1, 2014.

Set forth below is a description of the Refunded Bonds.

| <u>Dated Date</u> | <u>Maturity Date</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>CUSIP Number</u> | <u>Redemption Date</u> | <u>Redemption Price</u> |
|-------------------|----------------------|-------------------------|----------------------|---------------------|------------------------|-------------------------|
| 3/1/2009          | 6/1/2015             | \$1,465,000             | 3.750%               | 606042AA7           | 6/1/2014               | 100%                    |
| 3/1/2009          | 6/1/2016             | 1,520,000               | 4.000                | 606042AB5           | 6/1/2014               | 100                     |
| 3/1/2009          | 6/1/2017             | 1,580,000               | 4.125                | 606042AC3           | 6/1/2014               | 100                     |
| 3/1/2009          | 6/1/2018             | 1,645,000               | 4.250                | 606042AD1           | 6/1/2014               | 100                     |
| 3/1/2009          | 6/1/2019             | 1,715,000               | 4.500                | 606042AE9           | 6/1/2014               | 100                     |
| 3/1/2009          | 6/1/2020             | 1,790,000               | 4.750                | 606042AF6           | 6/1/2014               | 100                     |
| 3/1/2009          | 6/1/2021             | 1,880,000               | 5.000                | 606042AG4           | 6/1/2014               | 100                     |
| 3/1/2009          | 6/1/2022             | 1,970,000               | 5.125                | 606042AH2           | 6/1/2014               | 100                     |
| 3/1/2009          | 6/1/2023             | 2,070,000               | 5.250                | 606042AJ8           | 6/1/2014               | 100                     |
| 3/1/2009          | 6/1/2024             | 4,125,000               | 5.500                | 606042AK5           | 6/1/2014               | 100                     |
| 3/1/2009          | 6/1/2029             | 4,540,000               | 5.625                | 606042AL3           | 6/1/2014               | 100                     |
| 3/1/2009          | 6/1/2034             | 7,115,000               | 5.750                | 606042AM1           | 6/1/2014               | 100                     |

### **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.