

**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

\$47,180,000

Infrastructure Facilities Leasehold Revenue Bonds (City of Independence, Missouri – Electric System Projects) Series 2016D

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, 2017.

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 its 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 September 29, 2016.

PiperJaffray®

The date of this Official Statement is September 20, 2016

MISSOURI DEVELOPMENT FINANCE BOARD

\$47,180,000

**Infrastructure Facilities Leasehold Revenue Bonds
(City of Independence, Missouri – Electric System Projects)
Series 2016D**

Dated: Date of Delivery

Due: June 1 as shown below

Maturity Schedule

Term Bonds

\$10,000,000 Term Bonds due June 1, 2041, Interest Rate: 4.000%, Offering Price: 104.403%^c, CUSIP No. 606042 CG2

\$9,045,000 Term Bonds due June 1, 2041, Interest Rate: 3.375%, Offering Price: 97.618%, CUSIP No. 606042 CJ6

\$20,000,000 Term Bonds due June 1, 2046, Interest Rate: 4.000%, Offering Price: 103.985%^c, CUSIP No. 606042 CH0

\$8,135,000 Term Bonds due June 1, 2046, Interest Rate: 3.500%, Offering Price: 98.361%, CUSIP No. 606042 CK3

^c Priced to call date

Project Completion Risks

Weather, labor disputes, availability of materials and supplies, casualty damages and other “force majeure” occurrences or events or financial failure or failure to perform by a contractor, subcontractor or supplier may affect the timely construction of certain portions of the Project. No assurance can be given that the Project will be completed on schedule, within budget or without material errors and defects. Any such failure could affect the City’s decision to continue appropriations of the Lease Payments.

Loss of Premium Upon Early Redemption

Purchasers of the maturities of the Bonds sold at a price in excess of their principal amount should consider the fact that the Bonds are subject to redemption at a redemption price equal to their principal amount plus accrued interest under certain circumstances. See “**THE BONDS – Redemption.**”

Enforcement of Remedies

The enforcement of the remedies related to the Bonds, the Base Lease and the Lease Purchase Agreement may be limited or restricted by federal or state laws or by the application of judicial discretion, and may be delayed in the event of litigation to enforce the remedies. State laws concerning the use of assets of political subdivisions and federal and state laws relating to bankruptcy, fraudulent conveyances, and rights of creditors may affect the enforcement of remedies. Similarly, the application of general principles of equity and the exercise of judicial discretion may preclude or delay the enforcement of certain remedies. The legal opinions to be delivered with the delivery of the Bonds will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (1) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors’ rights, (2) general principles of equity, and (3) the exercise of judicial discretion in appropriate cases.

Amendment of the Documents

Certain amendments to the Indenture and the Lease Purchase Agreement may be made without the consent of or notice to the registered owners of the Bonds. Such amendments may adversely affect the security for the Bonds.

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**”. 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:

Principal amount	\$47,180,000.00
Net Premium	<u>888,515.45</u>
Total sources of funds	\$48,068,515.45

Uses of Funds:

Deposit to the Project Fund	\$43,303,441.65
Debt Service Reserve Fund	3,945,333.19
Costs of Issuance [†]	<u>819,740.61</u>
Total uses of funds	\$48,068,515.45

[†]Costs of Issuance include underwriter’s discount.

The Project

General. The City anticipates that in the years 2016 through 2021 it will need to fund over \$56,000,000 (not including costs of decommissioning the Missouri City plant) in projects for the Electric System. The City's rate plan, adopted in 2008 that provided annual rate increases in the years 2009 through 2012, will fund these projects, which can be generally described as expenditures for the Production portion and the Transmission and Distribution portion of the Electric System, or the General Administration portion of the utility business. The Bonds will finance a portion of these projects. 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.

Anticipated Electric Production Projects. The City operates three dual-fuel (coal and natural gas) steam generating units located at Blue Valley and six combustion turbine units located at three different locations (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 the 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 substation hot gas compressor inspection and upgrades, ash pond closures, boiler burner management system upgrade, generator hydrogen system upgrade, generator turbine inspection and repair, natural gas metering upgrades, combustion turbine CO2 modification and upgrades, and steam control inspection and repair. Additional expenses that may be funded will include engineering, permitting and similar costs related to evaluation of the decommissioning of the Missouri City power plant.

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 Substation facilities upgrades, switchgear and transformer replacements, a transmission line rebuild, fiber optic network communications upgrades and major distribution line projects.

Anticipated General Administration Projects. General Administration projects to be funded in whole or in part from the proceeds of the Bonds include facility upgrades at the Service Center, renovation of the new Utility Services building, a new customer billing system and a new financial management system. Additional expenses that may be funded will include technical services related to the design of an automated metering infrastructure system.

The Leased Property will consist of the equipment acquired with the proceeds of the Bonds to complete the Project. For further information on the Electric System, see **Appendix A**.

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.