

PRELIMINARY OFFICIAL STATEMENT DATED JULY 21, 2017

NEW ISSUE
NOT BANK QUALIFIED

Moody's Rating: Requested

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.

\$14,575,000*

City of Lee's Summit, Missouri
General Obligation Bonds, Series 2017A

(Book Entry Only)

Dated Date: Date of Delivery

Interest Due: Each April 1 and October 1,
commencing April 1, 2018

The Bonds will mature on April 1 in the years and amounts as follows*:

2018	\$1,150,000	2020	\$1,275,000	2022	\$1,400,000	2024	\$2,100,000	2026	\$1,900,000
2019	\$1,075,000	2021	\$1,475,000	2023	\$1,900,000	2025	\$2,300,000		

At the option of the City, the Bonds maturing April 1, 2025, and thereafter, may be called for redemption and payment prior to maturity on April 1, 2024, or thereafter at any time, in whole or in part (Bonds shall be redeemed from Stated Maturities determined by the City, and Bonds of less than a full Stated Maturity shall be selected by the Paying Agent in \$5,000 units of principal amount by lot or in such other equitable manner as the Paying Agent may determine), at the redemption price of 100% of the principal amount, plus accrued interest to the date of redemption.

The Bonds will be general obligations of the City payable from ad valorem taxes that may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The proceeds will be used to provide funds for the purposes of constructing and acquiring various public safety related improvements and equipment.

Proposals shall be for not less than \$14,575,000 (Par) plus accrued interest, if any, on the total principal amount of the Bonds. Proposals shall specify rates in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity must be 98.0% or greater. The initial price to the public for all the Bonds must not be for more than 110% of the principal amount of the Bonds, and no single maturity of the Bonds may have an initial price to the public of more than 110%. To have its bid considered for award, the lowest bidder is required to submit a good faith deposit to the City in the amount of \$145,750 no later than 1:00 P.M., Central Time on the day of sale. Award of the Bonds will be made on the basis of True Interest Cost (TIC). See "NOTICE OF SALE" herein.

The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Investors will not receive physical certificates representing their interest in the Bonds purchased (see "THE BONDS-Book-Entry System" herein.) UMB Bank, N.A., Kansas City, Missouri will serve as paying agent and registrar (the "Paying Agent and Registrar") for the Bonds. The Bonds will be available for delivery at DTC on or about August 30, 2017.

BID OPENING: August 10, 2017 (Thursday) at 10:00 A.M., Central Time

GOOD FAITH DEPOSIT DUE: August 10, 2017 (Thursday) at 1:00 P.M., Central Time

AWARD: At City's meeting on August 10, 2017 (Thursday) scheduled to begin at 6:15 P.M., Central Time



Further information may be obtained from SPRINGSTED Incorporated, Municipal Advisor to the City, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887 (651) 223-3000.

* Preliminary; subject to change.

The information contained in this Preliminary Official Statement is deemed by the City to be final as of the date hereof; however, the pricing and underwriting information is subject to completion or amendment. 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.

City of Lee's Summit, Missouri
220 SE Green Street
Lee's Summit, Missouri 64063
Phone (816) 969-1000

Mayor and City Council

		<u>Term Expires</u>
Randall L. Rhoads	Mayor	April 2018
Rob Binney	Council Member – District 1	April 2020
Diane Forte	Council Member – District 1	April 2018
Trish Carlyle	Council Member – District 2	April 2018
Craig Faith	Council Member – District 2	April 2020
Phyllis Q. Edson, Ph.D.	Council Member – District 3	April 2020
Diane Seif	Council Member – District 3	April 2018
Fred DeMoro	Council Member – District 4	April 2018
Dave Mosby	Council Member – District 4	April 2018

Administrative Officials

Stephen A. Arbo	City Manager
Conrad E. Lamb	Finance Director
Brian Head	City Attorney

Municipal Advisor

Springsted Incorporated
Saint Paul, Minnesota and Kansas City, Missouri

Bond Counsel

Gilmore & Bell, P.C.
Kansas City, Missouri

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time, may be treated as a Preliminary Official Statement with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the City.

By awarding the Bonds to any underwriter or underwriting syndicate submitting a Bid therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the underwriter or the senior managing underwriter of the syndicate to which the Bonds are awarded copies of the Final Official Statement in the amount specified in the Notice of Sale.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT NOR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATE THEREOF.

References herein to laws, rules, regulations, resolutions, ordinances, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

Any CUSIP numbers for the Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds are assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth in the Final Official Statement. No assurance can be given by the City that the CUSIP numbers for the Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Bonds.

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NOTICE OF SALE

\$14,575,000*

CITY OF LEE'S SUMMIT, MISSOURI GENERAL OBLIGATION BONDS SERIES 2017A

NOTICE IS HEREBY GIVEN that these Bonds will be offered for sale according to the following terms:

TIME AND PLACE

Sealed, facsimile and electronic bids will be received on behalf of the City of Lee's Summit, Missouri (the "City"), by Springsted Incorporated, the City's Municipal Advisor (the "Municipal Advisor"), in the case of written bids, at the address or facsimile number hereinafter set forth, and in the case of electronic bids, via PARITY® **until 10:00 A.M., Central Time, on Thursday, August 10, 2017** (the "Sale Date") for the purchase of \$14,575,000* General Obligation Bonds, Series 2017A (the "Bonds"). All bids will be publicly opened and reviewed at said time and place and will be acted upon by the City at its meeting to be held in the evening on the Sale Date. No oral or auction bids will be considered. The City reserves the right to issue a Supplemental Notice of Sale not later than 24 hours prior to the Sale Date via MUNIFACTS News Service ("Supplemental Notice"). If issued, the Supplemental Notice may modify such terms of this Notice of Sale as the City determines, including the date and time of the sale. Any such modifications will supersede the terms as set forth herein.

FORM OF BIDS

Bids must be submitted on or in substantial compliance with the Official Bid Form attached as **Exhibit A** provided by the City or the Municipal Advisor or through PARITY® (the "Electronic Bid System"). During the electronic bidding, no bidder will see any other bidder's bid or the status of their bid relative to other bids (i.e., whether their bid is a leading bid). Bidders may modify or cancel their bid at any time up to the end of the bidding. If provisions of this Notice of Sale conflict with those of the Electronic Bid System, this Notice of Sale shall control. The City and the Municipal Advisor shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of a sealed bid, facsimile bid or electronic bid, or the means used to deliver or complete a bid. The use of such facilities or means is at the sole risk of the prospective bidder who shall be bound by the terms of the bid as received.

No bid will be received after 10:00 A.M., Central Time, on the Sale Date. The time as maintained by the Electronic Bid System shall constitute the official time with respect to all Bids submitted. A bid may be withdrawn before the bid deadline using the same method used to submit the bid. If more than one bid is received from a bidder, the last bid received shall be considered.

Sealed Bids: Sealed bids may be submitted and will be received at the office of the Municipal Advisor set forth below.

Facsimile Bids: Facsimile bids may be submitted. Written bids submitted by facsimile should not be preceded by a cover sheet and should be sent only once to (651) 223-3046. Confirmation of receipt of facsimile bids may be made by contacting the Municipal Advisor at the number listed below.

Electronic Bids: Electronic bids must be submitted through the Electronic Bid System. Information about the Electronic Bid System may be obtained by contacting PARITY® at i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, (800) 850-7422 or (212) 849-5000 and from the following website: www.newissuehome.i-deal.com.

* *Preliminary; subject to change.*

Each bidder shall be solely responsible for making necessary arrangements to access the Electronic Bid System for purposes of submitting its electronic bid in a timely manner and in compliance with the requirements of this Notice of Sale. The City is permitting bidders to use the services of the Electronic Bid System solely as a communication mechanism to conduct the electronic bidding, and the Electronic Bid System is not an agent of the City. Provisions of this Notice of Sale or the Official Bid Form attached as **Exhibit A** shall control in the event of conflict with information provided by the Electronic Bid System. The City shall not be responsible for proper operation of, or have any liability for, any delays, interruptions, or damages caused by the use of the Electronic Bid System. The use of the Electronic Bid System shall be at the bidder’s risk and expense, and the City and its agents shall have no liability with respect thereto. The bids must be received as provided herein and by the time specified. The City is not bound by any advice or determination of the Electronic Bid System to the effect that any particular bid complies with the terms of this Notice of Sale and the bid specifications. An electronic bid made through the facilities of the Electronic Bid System shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and such bid shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City or its Municipal Advisor.

SECURITY AND PURPOSE

The Bonds are general obligations of the City, being issued pursuant to the constitution and laws of the State of Missouri and the City’s charter, and taxable property in the territory of the City is subject to ad valorem taxes without limitation as to rate or amount to pay the Bonds. The Bonds are being issued to provide funds for the purposes of making public safety improvements. The Bonds are more particularly described in the Preliminary Official Statement and the Official Statement. See “**OFFICIAL STATEMENT**” herein.

DATE, MATURITIES, AND REDEMPTION

The Bonds will be issued as fully registered bonds without coupons and, when issued, will be in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Bonds. The Bonds will be dated their date of delivery and will become due on April 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u> *
2018	\$1,150,000
2019	1,075,000
2020	1,275,000
2021	1,475,000
2022	1,400,000
2023	1,900,000
2024	2,100,000
2025	2,300,000
2026	1,900,000

In order to properly structure the transaction with respect to the project costs expected for the purposes authorized by the Bonds, the City reserves the right, on the date of the award of the Bonds to the successful bidder, in the City’s sole discretion, to increase or decrease the principal amount of any maturity and the total principal amount of the Bonds depending on the interest rates bid and the bid premium, if any. Any such increase or reduction will be made in multiples of \$5,000 in any of the maturities. In formulating bids, bidders should consider that bids generating premium may result in greater principal amortization in later years and bids generating discount may result in greater principal

* *Preliminary; subject to change.*

amortization in earlier years. The successful bidder may not withdraw its bid or change the interest rates bid as a result of any changes made to the principal amount as described herein. In the event there is an increase or decrease in the final principal amount per maturity as described above, the successful bidder will be notified on the Sale Date by telephone, fax or email of such increases or decreases promptly after the sale and prior to the award of the bid by the City. In the event that the maturity amounts of the Bonds are adjusted, the purchase price will be adjusted to ensure that the percentage net compensation (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the City by (ii) the principal amount of the Bonds) remains constant.

A bidder may elect to have all or a portion of the Bonds scheduled to mature consecutively issued as one or more term bonds scheduled to mature in the latest of said consecutive years and subject to mandatory redemption requirements consistent with the schedule of serial maturities set forth above, and subject to the bidder making such an election by including such information in its bid. Not less than all the Bonds of a single maturity may be converted to term bonds.

At the option of the City, the Bonds may be called for redemption and payment prior to maturity on April 1, 2024 and thereafter, in whole or in part at any time, at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the outstanding Bonds are to be redeemed, such Bonds shall be redeemed from the stated maturities selected by the City, and Bonds of less than a full stated maturity shall be selected by the Paying Agent in \$5,000 units of principal amount by lot or in such other equitable manner as the Paying Agent may determine.

Interest on the Bonds will be payable on April 1 and October 1 of each year commencing April 1, 2018. Interest on the Bonds will be computed on a 360-day year, 30-day month basis and paid to the owners of record as of the close of business on the fifteenth day of the immediately preceding month. UMB Bank, N.A., Kansas City, Missouri will serve as paying agent and bond registrar for the Bonds (the "Paying Agent"). Payments coming due on a non-business day will be payable the following business day. Principal will be payable upon presentation and surrender of the Bonds by the registered owners thereof at the payment office of UMB Bank, N.A., Kansas City, Missouri, Paying Agent. Interest shall be paid to the registered owners of the Bonds as shown on the bond register at the close of business on the record date for such interest (a) by check or draft mailed by the Paying Agent to the address of such registered owners shown on the bond register, (b) at such other address as is furnished to the Paying Agent in writing by any registered owner or (c) in the case of an interest payment to any registered owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such registered owner upon written notice given to the Paying Agent by such registered owner, not less than 5 days prior to the record date for such interest, containing the electronic transfer instructions including the name and address of the bank (which shall be in the continental United States), ABA routing number, account name and account number to which such registered owner wishes to have such transfer directed.

BOOK-ENTRY-ONLY SYSTEM

The Bonds will initially be issued exclusively in "book entry" form and shall be initially registered in the name of Cede & Co., as the nominee of DTC, and no beneficial owner will receive certificates representing their interests in the Bonds. During the term of the Bonds, so long as the book-entry-only system is continued, the City will make payments of principal of, premium, if any, and interest on the Bonds to DTC or its nominee as the Registered Owner of the Bonds; DTC will make book-entry-only transfers among its participants and receive and transmit payment of principal of, premium, if any, and interest on the Bonds to its participants who shall be responsible for transmitting payments to beneficial owners of the Bonds in accordance with agreements between such participants and the beneficial owners. The City will not be responsible for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. In the event that (i) DTC determines not to continue to act as securities depository for the Bonds, or (ii) the City determines that continuation of the book-entry-only form of evidence and transfer of ownership of the Bonds would adversely affect

the interests of the beneficial owners of the Bonds, the City will discontinue the book-entry-only form of registration with DTC. If the City fails to identify another qualified securities depository to replace DTC, the City will cause to be authenticated and delivered to the beneficial owners replacement Bonds in the form of fully registered certificates. Reference is made to the Preliminary Official Statement and the Official Statement for further information regarding the book-entry-only system of registration of the Bonds and DTC.

TYPE OF BID

All bids may be made on forms procured from the Municipal Advisor or through the Electronic Bid System. No additions or alterations in such forms shall be made and any erasures may cause rejection of any bid. Bids for not less than 100% of the principal amount of the Bonds must be received. The initial price to the public as stated on the proposal for each maturity must be 98.0% or greater. The initial price to the public for all the Bonds must not be for more than 110% of the principal amount of the Bonds, and no single maturity of the Bonds may have an initial price to the public of more than 110%. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The same rate shall apply to all Bonds of the same maturity. No supplemental interest payments will be authorized. Interest will be computed on a 30-day month, 360-day-year basis. Bids may be submitted electronically or by facsimile, by mail or delivered to the City's Municipal Advisor and must be received prior to 10:00 A.M., Central Time, on the Sale Date.

GOOD FAITH DEPOSIT

To have its bid considered for award, the lowest bidder is required to submit a good faith deposit to the City in the amount of \$145,750 (the "Deposit") no later than 1:00 P.M., Central Time, on the Sale Date. The Deposit may be delivered as described herein in the form of either (i) a certified or cashier's check payable to the City or (ii) an electronic transfer. The lowest bidder shall be solely responsible for the timely delivery of their Deposit whether by check or electronic transfer. Neither the City nor the Municipal Advisor have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the bid of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

Certified or Cashier's Check. A Deposit made by certified or cashier's check will be considered timely delivered to the City if it is made payable to the City and delivered to Springsted Incorporated, 380 Jackson Street, Suite 300, St. Paul, Minnesota 55101 by the specified time.

Electronic Transfer. A Deposit made by electronic transfer will be considered timely delivered to the City upon submission of a federal reference number by the specified time. Electronic transfer instructions will be available from the Municipal Advisor following the receipt and tabulation of bids. The successful bidder must send an email including the following information: (i) the federal reference number and time released, (ii) the amount of the electronic transfer, and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the successful bidder will be retained by the City and no interest will accrue to the successful bidder. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the successful bidder fails to comply with the accepted bid, said amount will be retained by the City.

AWARD

Bids will be compared on the basis of true interest cost (“TIC”). The bid offering the lowest TIC will be deemed most favorable. The TIC is computed as the discount rate that, when used with semiannual compounding to determine the present worth of the principal and interest payments as of the date of the Bonds, produces an amount equal to the purchase price. If two or more bids provide the same lowest TIC, the City shall determine which bid shall be accepted, and such determination shall be final.

The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit B**, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the Municipal Advisor, and any notice or report to be provided to the City may be provided to the Municipal Advisor.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Requirements”) because:

- (a) the City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (b) all bidders shall have an equal opportunity to bid;
- (c) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (d) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that the Competitive Sale Requirements are not satisfied, the City shall so advise the winning bidder. The City shall treat the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The City will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity. Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% Test in order to establish the issue price of the Bonds.

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the public. At or promptly after the award of the Bonds, the winning bidder shall report to the City the price at which it has sold to the public the Bonds of each maturity sufficient to satisfy the 10% Test. If as of the award of the Bonds the 10% Test has not been satisfied as to any maturity of the Bonds, the winning bidder agrees to promptly report to the City

the prices at which it subsequently sells Bonds of that maturity to the public until the 10% Test is satisfied. In either case, if Bonds constituting the first 10% of a certain maturity are sold at different prices, the winning bidder shall report to the City the prices at which Bonds of such maturity are sold until the winning bidder sells 10% of the Bonds of such maturity at a single price. The winning bidder's reporting obligation shall continue as set forth above, whether or not the Closing Date has occurred. The obligation to report sales of the Bonds until the 10% Test has been satisfied appears in the alternative sections to the bidder closing certificate in substantially the form attached as **Exhibit B**.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (a) "public" means any person other than an underwriter or a related party;
- (b) "underwriter" means (i) 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 (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) 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);
- (c) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) 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), (ii) 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 (iii) 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); and
- (d) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

The City Council reserves the right to reject any and all bids, to waive any irregularity in any bid and to adjourn the sale.

RATING

A rating has been requested from Moody's Investors Service, Inc. for the Bonds. The rating is subject to withdrawal or modification at any time; withdrawal or modification of the rating may have an adverse effect on the marketability of the Bonds. For an explanation of the significance of the rating, an investor should communicate with the rating agency.

CUSIP NUMBERS

The City will assume no obligation for the assignment of CUSIP numbers to the Bonds or for the correctness of any such numbers printed thereon, but the City will permit such printing to be done at the expense of the successful bidder, if the successful bidder waives any extension of the time of the delivery of the Bonds caused thereby.

SETTLEMENT

The City will pay for printing the Bonds and will deliver the same properly prepared, executed and registered without cost to the successful bidder within 30 days of the sale of the Bonds, at DTC for the account of the successful bidder. The successful bidder for the Bonds will be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the Bonds and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the Bonds affecting their validity and a certificate regarding the completeness and accuracy of the Official Statement. Payment for the Bonds must be made in federal funds immediately available for use by the City. Delivery of the Bonds is anticipated on or about August 30, 2017.

LEGAL OPINION

The Bonds will be sold subject to the legal opinion of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel, whose approving legal opinion as to the validity of the Bonds will be furnished and paid by the City and delivered to the successful bidder for the Bonds as and when the Bonds are delivered.

CONTINUING DISCLOSURE

In order to permit prospective bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in a Continuing Disclosure Certificate, to provide annual reports of specified information and notice of the occurrence of certain events, if material, as described in the Official Statement. The information to be provided on an annual basis, the events as to which notice is to be given, and other provisions of the Continuing Disclosure Certificate, including termination, amendment and remedies, are summarized in the Official Statement.

OFFICIAL STATEMENT

This Notice of Sale contains certain information for quick reference only. It is not, and is not intended to be, a summary of the Bonds. Each bidder is required to read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision. The City has prepared a Preliminary Official Statement dated the date hereof (the "Preliminary Official Statement"), which the City deems to be a "final" Official Statement as required by the Rule, except for the omission of certain information as permitted by the Rule. The Preliminary Official Statement is available at www.springsted.com through the municipal calendar, and to prospective bidders who request copies from

the City or its Municipal Advisor. Additional information regarding the Bonds may be obtained from the undersigned or from the Municipal Advisor, at the addresses set forth below.

Not later than seven business days following the award of the Bonds, the City shall provide a reasonable number of copies of the final Official Statement (the "Official Statement"), as that term is used in the Rule, to the successful bidder of the Bonds.

The successful bidder will be supplied with Official Statements in a quantity sufficient to meet their request. A reasonable number of copies of the Official Statement will be furnished without cost.

DATED: July 21, 2017

CITY OF LEE'S SUMMIT, MISSOURI

By: /s/ Conrad Lamb
Director of Finance
City of Lee's Summit
220 SE Green Street
Lee's Summit, Missouri 64063
Phone: 816-969-1000
Fax: 816-969-1113

Municipal Advisor – Written and Facsimile Bid Delivery Address:

Springsted Incorporated
380 Jackson Street, Suite 300
Saint Paul, Minnesota 55101
Attn: Bond Services
Phone: 651-223-3000
Fax: 651-223-3046
Email: bond_services@springsted.com

**EXHIBIT A
TO NOTICE OF SALE**

OFFICIAL BID FORM

PROPOSAL FOR THE PURCHASE OF THE
CITY OF LEE'S SUMMIT, MISSOURI
GENERAL OBLIGATION BONDS
SERIES 2017A

August 10, 2017

TO: Director of Finance
City of Lee's Summit, Missouri

For \$14,575,000 principal amount of General Obligation Bonds, Series 2017A, of the City of Lee's Summit, Missouri (the "City"), as described in your Notice of Sale dated July __, 2017, said Bonds to bear interest upon the terms as follows:

<u>Maturity</u> <u>April 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Yield</u>
2018	\$1,150,000			
2019	1,075,000			
2020	1,275,000			
2021	1,475,000			
2022	1,400,000			
2023	1,900,000			
2024	2,100,000			
2025	2,300,000			
2026	1,900,000			

The undersigned will pay the par value of the Bonds plus accrued interest to the date of delivery, plus any premium and less any discount in the amounts set forth below.

Total interest cost to maturity at the rates specified	\$	_____
Premium (if any)	(\$	_____)
Discount (if any)	(\$	_____)
Net interest cost.....	\$	_____
Average annual net interest rate		_____%
True Interest Cost.....		_____%

[remainder of page intentionally left blank]

This proposal is subject to all terms and conditions contained in said Notice of Sale, and if the undersigned is the successful bidder, the undersigned will comply with all of the provisions contained in said notice. A cashier's or certified check or electronic transfer in the amount of \$145,750 payable to the order of the City, accompanies this proposal as an evidence of good faith. The acceptance of this proposal by the City shall constitute a contract between the City and the successful bidder for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission.

Submitted by: _____

By: _____

Telephone No. (____) _____

LIST OF ACCOUNT MEMBERS:

ACCEPTANCE

Pursuant to action duly taken by the City Council of the City of Lee's Summit, Missouri, the above proposal is hereby accepted on August 10, 2017.

Mayor

**EXHIBIT B
TO NOTICE OF SALE**

UNDERWRITER'S RECEIPT FOR BONDS AND CLOSING CERTIFICATE

\$ _____
**CITY OF LEE'S SUMMIT, MISSOURI
GENERAL OBLIGATION BONDS
SERIES 2017A**

The undersigned, on behalf of [Underwriter] (the "Original Purchaser"), as the Original Purchaser of the above-described bonds (the "Bonds"), being issued on the date of this Certificate by the City of Lee's Summit, Missouri (the "City") certifies and represents as follows:

1. Receipt for Bonds. The Original Purchaser acknowledges receipt on the date hereof of all of the Bonds, consisting of fully registered Bonds in authorized denominations in a form acceptable to the Original Purchaser.

2. Issue Price.

(a) *Public Offering.* The Original Purchaser offered all of the Bonds to the Public (as defined below) in a *bona fide* initial offering.

(b) *Initial Offering Prices.* As of the sale date of the Bonds (August 10, 2017), the reasonably expected initial offering prices of the Bonds to the Public by the Original Purchaser are the prices listed in **Schedule A** hereto (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Original Purchaser in formulating its bid to purchase the Bonds.

ALTERNATIVE LANGUAGE IF COMPETITIVE SALES REQUIREMENTS ARE NOT MET.

[**(a) *Public Offering.* The Original Purchaser has offered all the Bonds to the Public in a *bona fide* initial offering to the Public at the offering prices listed on **Schedule A** (the "Initial Offering Prices"). Included in **Schedule A** is a copy of the pricing wire or similar communication used to document the initial offering of the Bonds to the Public at the Initial Offering Prices.

(b) *Sale Prices.* As of the date of this Certificate, for each Maturity, the price or prices at which the first 10% of such Maturity was sold to the Public is the respective price or prices listed in **Schedule B**. **Schedule B** also contains documentation of the price, date, time and amount of individual sales that comprise 10% of such Maturity [**.**. **] [**, except for the _____ Maturit[y][ies]. With respect to the _____ Maturit[y][ies], (i) less than 10% of such Maturit[y][ies] have been sold to the Public, and (ii) promptly following the date that the first 10% of such Maturit[y][ies] is sold to the Public, the Original Purchaser will execute a supplemental certificate in substantially the same form as this Certificate, including, a schedule substantially similar to **Schedule B** to this Certificate showing the price or prices at which the first 10% of [**each**] such Maturity was sold to the Public.**]

(c) *Defined Terms.*

(i) The term "Maturity" or "Maturities" means Bonds with the same credit and payment terms. Bonds with different maturity dates are treated as separate maturities.

(ii) The term “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” is defined in U.S. Treasury Regulation § 1.150-1(b) which generally provides that the term related party means any two or more persons who have a greater than 50 percent common ownership, directly or indirectly.

(iii) The term “Underwriter” 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 paragraph 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 representations set forth in this certificate are limited to factual matters only. Nothing in this Certificate represents the Underwriter’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 certifications contained herein will be relied upon by the City in executing and delivering its federal tax certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Gilmore & Bell, P.C., Bond Counsel, in rendering its opinion relating to the exclusion from federal gross income of the interest on the Bonds and other federal income tax advice that it may give to the City from time to time relating to the Bonds.

At the request of the City, we will provide information explaining the factual basis for this Certificate. This agreement to provide such information will continue to apply after the issue date of the Bonds if (1) the City requests the information in connection with an audit or inquiry by the Internal Revenue Service or the Securities and Exchange Commission, (2) related to any determination of the issue price for the Bonds, or (3) the information is required to be retained by the City pursuant to future regulation or similar guidance from the Internal Revenue Service, the Securities and Exchange Commission or other federal or state regulatory authority.

DATED: August ____, 2017.

[UNDERWRITER]

By: _____
Title: _____

SCHEDULE A
TO UNDERWRITER'S RECEIPT FOR BONDS AND CLOSING CERTIFICATE

Expected Offering Prices

[Attach Initial Offering Prices Used in Formulating Bid]

**SCHEDULE B
TO UNDERWRITER'S RECEIPT FOR BONDS AND CLOSING CERTIFICATE**

[*ONLY NECESSARY IF COMPETITIVE SALES REQUIREMENTS ARE NOT MET*]

Sale Price Documentation

[Attach Actual Sales Data Documentation]

OFFICIAL STATEMENT

\$14,575,000*

CITY OF LEE'S SUMMIT, MISSOURI GENERAL OBLIGATION BONDS, SERIES 2017A

(BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement contains certain information concerning the City of Lee's Summit, Missouri (the "City"), and its issuance of \$14,575,000* General Obligation Bonds, Series 2017A (the "Bonds"). The Bonds are being issued pursuant to Article VI, Section 26 of the Missouri Constitution, 1945, and Section 95.115 *et seq.*, of the Revised Statutes of Missouri, all as amended ("RSMo"), and voter referenda held by the City on November 5, 2002 and November 8, 2016. The proceeds will be used to provide funds for the purposes of constructing and acquiring various public safety related improvements and equipment.

Inquiries may be directed to Mr. Conrad Lamb, Director of Finance, City of Lee's Summit, Missouri, 220 SE Green Street, Lee's Summit, Missouri 64063, by telephone at (816) 969-1000, or by e-mail at conrad.lamb@cityofls.net. Inquiries also may be made to Springsted Incorporated of St. Paul, Minnesota and Kansas City, Missouri, 380 Jackson Street, Suite 300, St. Paul, Minnesota 55101-2887, by telephone at (651) 223-3000, or by e-mail at bond_services@springsted.com. If information of a specific legal nature is desired, requests may be directed to Mr. Sid Douglas, Gilmore & Bell, P.C., 2405 Grand Boulevard, Suite 1100, Kansas City, Missouri, 64108, by telephone at (816) 221-1000, or by e-mail at sdouglas@gilmorebell.com.

CONTINUING DISCLOSURE

In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in continuing disclosure undertakings, to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the "Disclosure Covenants"). The information to be provided on an annual basis, the events as to which notice is to be given, if material, and the provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in "APPENDIX II – CONTINUING DISCLOSURE CERTIFICATE" to this Official Statement.

The City has engaged in undertakings similar to the Continuing Disclosure Certificate with respect to several series of bonds previously issued by the City to provide to the national information repositories (presently, only the MSRB) the audited financial statements of the City and updates of certain operating data of the City. Except for the failure to file notices of certain material events for rating changes, the City believes it is in material compliance with its Disclosure Covenants.

* Preliminary; subject to change.

THE BONDS

General Description

The Bonds are dated as of the date of delivery, with interest payable on the Bonds on April 1 and October 1 of each year, commencing April 1, 2018. The Bonds are issued in book entry form. Interest will be payable to the owner (initially Cede & Co.) registered on the books of the Paying Agent and Registrar as of the fifteenth day of the calendar month next preceding such interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Principal of and interest on the Bonds will be paid as described in the section herein entitled “Book-Entry System.” UMB Bank, N.A., Kansas City, Missouri will act as Paying Agent and Registrar for the Bonds and the City will pay for Paying Agent and Registrar services.

Redemption Provisions

At the option of the City, the Bonds may be called for redemption and payment prior to maturity on April 1, 2024 and thereafter, in whole or in part at any time at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the outstanding Bonds are to be redeemed, such Bonds shall be redeemed from the stated maturities selected by the City, and Bonds of less than a full stated maturity shall be selected by the Paying Agent in \$5,000 units of principal amount by lot or in such other equitable manner as the Paying Agent may determine.

Registration, Transfer and Exchange of Bonds

Each Bond when issued shall be registered by the Paying Agent and Registrar in the name of the owner thereof on the Bond Register. Bonds are transferable only upon the Bond Register upon presentation and surrender of the Bonds, together with instructions for transfer. Bonds may be exchanged for Bonds in the same aggregate principal amount and maturity upon presentation to the Paying Agent and Registrar, subject to the terms, conditions and limitations set forth in the Bond Ordinance and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, transfer or exchange.

Book-Entry System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity.

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 securities that its 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 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 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.

Purchases of 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 (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 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.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any such 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 City or Bond Registrar 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).

Redemption proceeds, distributions, and interest payments on the Bonds 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 its agent on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent, the Bond Registrar, or the City, subject to any statutory or regulatory requirements as may be in

effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar, the City, or the City's agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or its agent. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to Article VI, Section 26 of the Missouri Constitution, 1945, and Section 95.115 *et seq.*, RSMo, and voter referenda held by the City on November 5, 2002 and November 8, 2016. The proceeds will be used to provide funds for the purposes of constructing and acquiring various public safety improvements and equipment, consisting of the 2002 Public Safety Improvements and the 2016 Public Safety Improvements, as described herein.

The City received voter authorization to issue general obligation bonds as follows:

<u>Ballot Questions</u>	<u>Yes</u>	<u>No</u>
2002 Public Safety Improvements	20,107	6,303
2016 Public Safety Improvements	38,168	9,993

The 2002 Public Safety Improvements consist of public safety improvements including constructing, furnishing and equipping a fire station and an animal control facility, acquiring a new fire truck, acquiring storm sirens to be located throughout the City, and acquiring any necessary land.

The 2016 Public Safety Improvements consist of public safety improvements including (a) the acquisition and installation of new emergency services radio equipment and related infrastructure (with interconnections for public safety and other operations of the City), (b) the acquisition, construction, furnishing and equipping of a new fire station to replace Fire Station No. 3, and (c) the acquisition of fire equipment and apparatus.

SOURCES AND USES OF FUNDS

The composition of the Bonds is estimated to be as follows*:

Sources of Funds:	
Principal Amount	\$14,575,000
Estimated Reoffering Premium	<u>109,255</u>
Total Sources of Funds	<u>\$14,684,255</u>
Uses of Funds:	
Available for Project Costs	\$14,535,730
Estimated Underwriter's Compensation	87,450
Costs of Issuance	<u>61,075</u>
Total Uses of Funds	<u>\$14,684,255</u>

* Amounts are preliminary and are subject to change.

SECURITY AND FINANCING

The Bonds will constitute general obligations of the City and will be payable as to both principal and interest from ad valorem taxes that may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. Under the Bond Ordinance, there is levied upon all of the taxable tangible property within the City a direct annual tax sufficient to produce the amounts necessary for the payment of the principal of and interest on the Bonds as the same become due and payable in each year. Such taxes shall be extended upon the tax rolls in each year, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the City are levied and collected. The proceeds derived from said taxes shall be deposited in the Debt Service Fund, shall be kept separate and apart from all other funds of the City and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due and the fees and expenses of the Paying Agent and Registrar.

FUTURE FINANCING

The City does not anticipate issuing any additional general obligation long-term debt within the next 90 days.

LITIGATION

As of the date hereof, there is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the City or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act in connection with the authorization, issuance and sale of the Bonds, or the constitutionality or validity of the Bonds or any other proceedings had in relation to the authorization, issuance or sale thereof, or which might affect the City's ability to meet its obligations to pay the Bonds.

APPROVAL OF LEGALITY

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the City and its certified public accountants, as referred to herein, and Bond Counsel expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned “THE BONDS (except for the portion related to the Book-Entry System),” “APPROVAL OF LEGALITY,” “TAX MATTERS,” “APPENDIX I – PROPOSED FORM OF BOND COUNSEL OPINION,” and “APPENDIX II – CONTINUING DISCLOSURE CERTIFICATE.” Payment of the legal fee of Bond Counsel is contingent upon delivery of the Bonds.

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.

Not Bank Qualified. 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 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.

RATING

Application for a rating of the Bonds has been made to Moody's Investors Service ("Moody's"), 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York. If a rating is assigned, it will reflect only the opinion of Moody's. Any explanation of the significance of the rating may be obtained only from Moody's.

There is no assurance that a rating, if assigned, will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody's, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The City has retained Springsted Incorporated, Public Sector Advisors, of St. Paul, Minnesota and Kansas City, Missouri ("Springsted"), as municipal advisor in connection with certain aspects of the issuance of the Bonds. In preparing this Official Statement, Springsted has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for this Official Statement, and Springsted has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. Springsted is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards. Springsted is an independent advisory firm, registered as a municipal advisor, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Springsted is under common ownership with Springsted Investment Advisors, Inc. ("SIA"), an investment adviser registered in the states where services are provided. SIA may provide investment advisory services to the City from time to time in connection with the investment of proceeds from the Bonds as well as advice with respect to portfolio management and investment policies for the City. SIA pays Springsted, as municipal advisor, a referral fee from the fees paid to SIA by the City.

CERTIFICATION

The City has authorized the distribution of this Official Statement for use in connection with the initial sale of the Bonds. As of the date of the settlement of these Bonds, the Purchaser will be furnished with a certificate signed by the appropriate officers of the City. The certificate will state that the Official Statement did not and does not, as of the date of the certificate, contain any untrue statement of material fact or omit to state a material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

CITY OF LEE'S SUMMIT, MISSOURI

By: _____
Mayor

FINANCIAL INFORMATION CONCERNING THE CITY

Sources of Revenue – General Fund

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

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Property Taxes	\$19,149,720	30.38%
Sales Tax	15,116,747	23.98
Franchise Tax	13,068,478	20.74
Motor Vehicle Tax	3,616,455	5.74
Other Tax	336,569	0.53
Fines, Licenses & Charges for Services	8,628,010	13.69
Investment Earnings	206,650	0.33
Intergovernmental & Other	<u>2,906,602</u>	<u>4.61</u>
Total	<u>\$63,029,231</u>	<u>100.00%</u>

Sales and Use Taxes – Governmental Funds

Sales and Use Taxes collected by the City for the last five fiscal years were as follows:

2016	\$35,786,096
2015	33,131,893
2014	31,506,326
2013	31,537,249
2012	29,762,456

Property Valuations

Current Assessed Valuation:

The following table shows the total assessed valuation, including state assessed, by category, of all taxable tangible property situated in the City according to the 2016 assessment (the last completed assessment):

	<u>Taxable Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Market Valuation</u>
Real Estate:			
Residential	\$1,219,995,457	19%	\$6,421,028,721
Commercial	255,297,712	32%	797,805,350
Agricultural	1,236,808	12%	10,306,733
Railroad and Utilities	<u>36,583,413</u>	32%	<u>114,323,165</u>
Sub-Total	\$1,513,113,390		\$7,343,463,969
Personal Property	<u>337,557,063</u>	33 1/3%*	<u>1,012,671,290</u>
Total	\$1,850,670,453		\$8,356,135,259

* 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.

Source: City of Lee's Summit.

History of Property 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:

<u>Calendar Year</u>	<u>Taxable Assessed Valuation</u>	<u>Percent Change</u>
2016	\$1,850,670,453	3.25%
2015	1,792,337,036	6.30
2014	1,686,144,194	(0.36)
2013	1,692,175,370	3.26
2012	1,638,685,805	--

Ten of the Largest Taxpayers in the City

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2016 Taxable Assessed Value</u>
Kansas City Power & Light-GMOC	Utility	\$ 37,136,551
Google Fiber Missouri LLC	Internet service provider	16,219,982
Summit Wood SPE LLC	Retail	14,087,468
John Knox Village	Retirement community	8,003,756
Sprint	Communications	7,195,288
Wal-Mart	Retail	5,860,936
MRE III Summit Ridge LLC	Apartments	5,335,430
Southern Union	Utility	4,541,819
Polytainers	Plastic packaging manufacturer	4,110,811
Toys R Us	Regional distribution	<u>3,584,000</u>
Total		\$106,076,041*

* KCP&L represents 2.0% of the City's 2016 taxable assessed value of \$1,850,670,453. The remaining nine largest taxpayers represent 3.7% of the City's 2016 taxable assessed value.

Source: City of Lee's Summit.

CITY INDEBTEDNESS

Remaining Debt Authority

2016 Taxable Assessed Valuation*	\$1,850,670,453
Debt Limit Ratio	20%
Debt Limit	<u>370,134,091</u>
Outstanding Debt Subject to Debt Limit	
Outstanding General Obligation Debt (Including the Bonds)	(56,555,000)
Authorized but Unissued General Obligation Bonds	<u>(3,658,000)</u>
Debt Authority Remaining August 30, 2017	\$ 309,921,091

* Includes state assessed, railroad, and utility property.

General Obligation Debt^(a)

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 8-30-17</u>
2-1-13	\$24,360,000	Improvements	4-1-2028	\$19,040,000
2-1-13	13,740,000	Refunding	4-1-2023	8,565,000
10-24-13	6,840,000	Improvements	4-1-2021	2,700,000
2-12-15	3,970,000	Improvements	4-1-2019	1,475,000
2-18-16	14,075,000	Improvements	4-1-2029	10,200,000
8-30-17	14,575,000 ^(b)	Improvements (the Bonds)	4-1-2026	<u>14,575,000^(b)</u>
Total				\$56,555,000

(a) These issues are subject to the legal debt limit.

(b) Preliminary; subject to change.

Revenue Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 8-30-17</u>
6-27-11	\$22,300,000	Tax Increment (Summit Fair)	4-1-2030	\$14,730,000*
5-15-12	7,940,000	Waterworks & Sewerage Refunding	7-1-2021	<u>3,465,000</u>
Total				\$18,195,000

* This issue is payable from tax increment revenues and not from the general fund or other funds of the City.

Lease-Purchase Agreements*

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 8-30-17</u>
9-3-14	\$7,432,500	Refunding Lease-Purchase Agreement	7-1-2018	\$2,511,500

* These obligations were issued for the purpose of refunding the Certificates of Participation, Series 2006, which financed park and airport improvements. The debt service is paid from annual appropriation rental payments by the City. This issue is not subject to the legal debt limit.

Estimated Calendar Year Debt Service Payments Including the Bonds

Year	General Obligation Debt		Revenue Debt	
	Principal	Principal & Interest ^(a)	Principal	Principal & Interest
2017 (at 8-30)	(Paid)	\$ 693,650	(Paid)	\$ 500,550
2018	\$ 6,495,000	8,068,589	\$ 950,000	2,020,400
2019	6,565,000	7,878,600	980,000	2,031,400
2020	5,215,000	6,322,250	995,000	2,026,800
2021	4,855,000	5,805,250	645,000	1,656,900
2022	4,380,000	5,192,575	1,050,000	2,045,194
2023	4,945,000	5,629,525	1,125,000	2,061,131
2024	5,345,000	5,901,175	1,220,000	2,092,850
2025	5,605,000	6,029,800	1,320,000	2,113,550
2026	5,275,000	5,564,850	1,430,000	2,137,750
2027	3,450,000	3,624,000	1,545,000	2,159,800
2028	3,525,000	3,598,875	1,685,000	2,187,788
2029	900,000	911,250	1,830,000	2,210,625
2030			3,420,000	3,543,975
Total	\$56,555,000 ^(b)	\$65,220,389	\$18,195,000 ^(c)	\$28,788,713

Year	Lease-Purchase Agreements	
	Principal	Principal & Interest
2017 (at 8-30)	(Paid)	(Paid)
2018	\$2,511,500	\$2,545,405
Total	\$2,511,500	\$2,545,405

(a) Includes the Bonds at an assumed average annual interest rate of 1.87%.

(b) 92.2% of this debt will be retired within ten years.

(c) 61.9% of this debt will be retired within ten years.

Overlapping Debt

Taxing Unit ^(a)	Est. Debt As of 8-30-17 ^(b)	Debt Applicable to Value in City	
		Est. Percent	Amount
Cass County	\$ 46,636,000	3.0%	\$ 1,390,890
Lee's Summit R-7 School District	130,640,000	82.9	110,787,560
Blue Springs R-IV School District	101,965,000	20.2	20,596,930
Raymore-Peculiar R-II School District	29,065,000	8.0	2,325,200
Grandview C-4 School District	36,613,000	0.4	146,452
Hickman Mills C-1 School District	47,435,000	0.1	47,435
Total			\$135,294,467

(a) Only those units with outstanding general obligation debt are shown here.

(b) Includes certificates of participation.

Debt Ratios*

	<u>Est. G.O. Direct Debt</u>	<u>Est. Overlapping & Direct Debt</u>
To 2016 Taxable Assessed Value (\$1,850,670,453)	3.06%	10.37%
To 2016 Estimated Market Value (\$8,681,657,573)	0.68%	2.30%
Per Capita - (96,076 – 2016 U.S. Census Bureau Estimate)	\$589	\$1,997

* Excludes revenue debt and lease-purchase agreements.

CITY TAX RATES, LEVIES AND COLLECTIONS

Tax Rates Per \$100 of Assessed Value

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Parks Fund</u>	<u>Debt Service</u>	<u>Total Levy</u>
2017	\$0.9093	\$0.1608	\$0.4697	\$1.5398
2016	0.9063	0.1603	0.4697	1.5363
2015	0.9349	0.1654	0.4697	1.5700
2014	0.9213	0.1630	0.4697	1.5540
2013	0.9213	0.1630	0.4697	1.5540

NOTE: See Appendix III for further explanation.

Tax Levies and Collections

<u>Fiscal Year</u>	<u>Total Levy</u>	<u>Taxes Levied</u>	<u>Current and Delinquent Taxes Collected</u>	
			<u>Amount</u>	<u>Percent</u>
2017	\$1.5398	\$27,771,502	\$27,520,763	99.1%
2016	1.5363	26,744,543	25,996,349	97.2
2015	1.5700	25,852,261	25,249,083	97.7
2014	1.5540	25,707,026	24,968,147	97.1
2013	1.5540	25,046,007	24,273,164	96.9

FUNDS AND INVESTMENTS
As of May 31, 2017
Unaudited

Funds on Hand

General Fund	\$ 4,579,759
Capital Projects Funds:	
Capital Projects	10,110,470
Bond Project	592,315
Special Revenues Funds	2,664,593
Debt Service Funds:	
GO Debt	1,379,831
Tax Increment	627,794
Lease Financing	909,360
Enterprise Funds	4,937,351
Internal Service Funds	<u>1,934,752</u>
 Total	 \$27,736,225

City Investments

The City's investment policy applies to all operating funds of the City. The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield. The City's policy designates safety of principal as the first priority in investing City funds. The City only invests in investments authorized by Sections 30.270, 110.010 and 110.220, RSMo. The Cash Management Officer has management responsibility for the investment program. State statute and City's policy empowers the City to invest in the following types of deposits and investments:

- U.S. Treasury Instruments
- Direct obligations of the U.S. Government and its agencies
- Certificates of Deposit
- Bankers' acceptances
- Investment-grade obligations of state, provincial and local governments and public authorities
- Repurchase Agreements
- Money Market Accounts
- Local government investment pools

As of May 31, 2017, the City has investments of \$109,863,624 in U.S. Treasury Instruments and direct obligations of the U.S. Government and its agencies.

GENERAL INFORMATION CONCERNING THE CITY

The City is located in southeast Jackson County and northern Cass County in the southeastern part of the Kansas City, Missouri metropolitan area. The City encompasses an area of approximately 65 square miles.

Population

The City's population trend is shown below.

	<u>Population</u>	<u>Percent Change</u>
2016 U.S. Census Estimate	96,076	5.2%
2010 U.S. Census	91,364	29.2
2000 U.S. Census	70,700	52.3
1990 U.S. Census	46,418	61.7
1980 U.S. Census	28,715	--

Source: United States Census Bureau.

The City's estimated population by age group for the past four years is as follows:

<u>Data Year/ Report Year</u>	<u>0-17</u>	<u>18-34</u>	<u>35-64</u>	<u>65 and Over</u>
2016/17	24,858	19,993	39,549	13,656
2015/16	25,079	19,507	39,725	13,279
2014/15	25,351	18,929	39,384	12,685
2013/14	25,488	18,526	39,091	12,235

Sources: Claritas, Inc. and the Nielsen Company.

Transportation

Interstate 470 passes through the City and also rings the southeastern part of the Kansas City metropolitan area. Interstate 470 connects with Interstate 70 and Interstate 435 where there is easy access to other highways and roads connecting to the metropolitan area. The City is served by Amtrak, the Union Pacific and St. Louis Southwestern Railroads, three common truck terminals, and the Lee's Summit Municipal Airport. The City is also served by the Kansas City International Airport, which is located approximately 35 miles north of the City.

Labor Force Data

	<u>Annual Average</u>				<u>May</u>
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Labor Force:					
City of Lee's Summit	51,535	53,402	54,508	55,352	54,931
Cass County	52,135	53,809	54,238	55,015	54,448
Jackson County	352,204	363,483	365,434	369,829	365,890
Kansas City					
Metropolitan Area	1,078,898	1,109,434	1,116,887	1,128,013	1,293,846
State of Missouri	3,022,513	3,059,067	3,096,678	3,111,517	3,059,676
Unemployment Rate:					
City of Lee's Summit	4.8%	4.5%	4.0%	3.5%	3.1%
Cass County	6.3	5.6	4.8	4.1	3.6
Jackson County	7.7	7.0	5.9	5.1	4.6
Kansas City					
Metropolitan Area	6.3	5.6	4.8	4.3	3.9
State of Missouri	6.7	6.1	5.0	4.5	4.1

Source: Missouri Local Area Unemployment Statistics (LAUS). 2017 data are preliminary.

Retail Sales and Effective Buying Income (EBI)

City of Lee's Summit

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2016/17	\$1,833,763	\$2,831,524	\$65,854
2015/16	1,490,124	2,779,058	64,660
2014/15	1,273,430	2,506,120	58,134
2013/14	1,209,837	2,455,218	57,225
2012/13	N/A	N/A	N/A

Cass County

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2016/17	\$1,133,570	\$2,468,797	\$53,586
2015/16	1,189,323	2,451,158	53,422
2014/15	1,516,070	2,158,260	47,857
2013/14	1,499,334	2,096,860	47,067
2012/13	1,182,856	2,106,943	47,318

Jackson County

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2016/17	\$11,818,388	\$15,538,176	\$42,694
2015/16	10,344,191	15,119,565	42,460
2014/15	8,760,737	14,067,768	39,913
2013/14	8,626,437	13,786,109	39,063
2012/13	9,288,123	13,441,733	36,733

The 2016/17 Median Household EBI for the State of Missouri was \$44,147. The 2016/17 Median Household EBI for the United States was \$48,043.

Sources: Claritas, Inc. and the Nielsen Company.

Major Employers in the City

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
John Knox Village	Retirement community	3,673
Lee's Summit R-7 School District	Educational institution	2,420
Saint Luke's East – Lee's Summit	Hospital	2,015
University of Central Missouri	Educational institution	2,000
City of Lee's Summit	City government	644
Unity Village	Hotel and conference center	528
CVS Caremark Inc.	Call center	450
Missouri State Highway Patrol	Highway patrol	425
Lee's Summit Medical Center	Hospital	413
Metropolitan Community College – Longview	Educational institution	400

Sources: The City and the City's 2016 Comprehensive Annual Financial Report, courtesy of Lee's Summit Economic Development Council.

Governmental Fund Sales and Use Tax Revenues

<u>Fiscal Year</u>	<u>Amount</u>
2017 (to 5-31)	\$35,472,292*
2016	35,786,096
2015	33,131,893
2014	31,506,326
2013	31,537,249
2012	29,762,456
2011	28,720,660
2010	26,566,723
2009	27,235,214
2008	28,572,537

* Unaudited.

Sources: Page 75 of City's 2016 Comprehensive Annual Financial Report and the City.

Building Permits

Following are the number and value of building permits issued by the City for the years shown:

<u>Fiscal Year</u>	<u>Residential Permits</u>	<u>Commercial Permits</u>	<u>Total Permits</u>	<u>Total Valuation of Permits Issued</u>
2017 (to 5-31)	933	197	2,111	\$267,646,697
2016	768	244	1,883	256,643,814
2015	377	22	399	261,823,863
2014	300	17	317	113,200,744
2013	316	28	344	117,289,877
2012	674	185	859	178,378,295
2011	392	164	556	224,212,673
2010	372	188	560	103,566,221
2009	274	137	411	106,705,815
2008	137	187	324	131,903,072

Source: City of Lee's Summit.

Education

Lee's Summit Reorganized School District No. 7 serves a large portion of the City. The District's student enrollment for the 2016/17 school year was approximately 17,908. Portions of the City are served by the school districts of Blue Springs, Grandview, Hickman Mills, and Raymore-Peculiar. Longview Community College and two branches of Mid-Continent Public Library are located in the City. In addition, City residents have access to the Kansas City metropolitan area's 15 colleges and universities, seven community colleges, ten technical institutes, and five seminaries.

Source: Missouri Department of Elementary & Secondary Education.

GOVERNMENTAL ORGANIZATION AND SERVICES

The City is a charter city and was incorporated in 1868 under the laws of the State of Missouri. The City is governed by a Mayor-City Council form of government with a City Manager appointed by the Mayor with the approval of the City Council. The City is divided into four districts and each district is represented by two Council Members; the Mayor is elected by the City at-large. The present City Council is comprised of the following members:

		<u>Term Expires</u>
Randall L. Rhoads	Mayor	April 2018
Rob Binney	Council Member – District 1	April 2020
Diane Forte	Council Member – District 1	April 2018
Trish Carlyle	Council Member – District 2	April 2018
Craig Faith	Council Member – District 2	April 2020
Phyllis Q. Edson, Ph.D.	Council Member – District 3	April 2020
Diane Seif	Council Member – District 3	April 2018
Fred DeMoro	Council Member – District 4	April 2018
Dave Mosby	Council Member – District 4	April 2018

Key management team members include:

Stephen Arbo	City Manager
Conrad Lamb	Director of Finance
Brian Head	City Attorney

Municipal Services and Utilities

Utility service in the City is provided by a mix of public and private facilities. Water and sewerage utilities are furnished by the City. The City purchases water from the cities of Independence and Kansas City, Missouri. Wastewater treatment services are provided by the Little Blue Valley Sewer District (95%) and by the City's Middle Big Creek plan (5%). Water and sewerage rates are established by the City Council to meet the total revenue requirements of the System. Natural gas is supplied by Missouri Gas Energy. Electricity is supplied by Kansas City Power and Light.

The City provides police and fire protection. The police force has 183 full-time employees, of whom 141 are police officers and 42 are office management and clerical personnel. The fire department functions with a permanent force of 155. The City has seven fire stations and has a fire insurance rating of three.

Labor Contracts

The status of labor contracts in the City is as follows:

<u>Bargaining Unit</u>	<u>No. of Employees</u>	<u>Expiration Date of Current Contract</u>
IAM ^(a)	61	June 30, 2015 ^(d)
IAFF ^(b)	147	December 31, 2017
FOP ^(c)	<u>140</u>	June 30, 2017 ^(d)
Subtotal	348	
Non-unionized employees	<u>296</u>	
Total employees	<u>644</u>	

(a) *International Association of Machinists and Aerospace Workers Local Lodge 778*

(b) *International Association of Firefighters Local 2195*

(c) *Fraternal Order of Police West Central Missouri Regional Lodge #50*

(d) *In negotiations. Members of IAM and FOP will continue to work for City, under the terms of their current respective contracts, until new contracts are agreed upon.*

Employee Pensions

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement systems that acts as a common investment and administrative agent for local government entities in the State of Missouri. LAGERS is a defined benefit pension plan that provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by state statute, Sections 70.600 through 70.755, RSMo. As such, it is the System’s responsibility to administer the law in accordance with the express intent of the General Assembly. The Plan is qualified under the Internal Revenue Code Section 401(a) and it is tax-exempt. The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

The City’s full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate. The current rate is 10.1% (general), 12.9% (police), and 11.4% (fire) of annual covered payroll.

The City’s contributions to LAGERS for the past five years are as follows:

	<u>LAGERS</u>
2016	\$4,130,742
2015	4,831,113
2014	5,114,998
2013	5,450,822
2012	5,033,542

For more information regarding the liability of the City with respect to its employees, please reference “Note 7 – Employee Retirement Plan,” of the City’s Comprehensive Annual Financial Report for fiscal year ended June 30, 2016, an excerpt of which is included as Appendix IV of this Official Statement.

Sources: *City’s Comprehensive Annual Financial Reports.*

GASB 68

The Government Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB 68, which revised existing standards for measuring and reporting pension liabilities for pension plans provided to City employees and require recognition of a liability equal to the City's proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. The LAGERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016 (the "2016 LAGERS CAFR") is available at <http://www.molagers.org/financial.html>. The link to the 2016 LAGERS CAFR is provided for general background information only, and the information in the 2016 LAGERS CAFR is not incorporated by reference into this Official Statement. The City has no means to independently verify any of the information set forth on the LAGERS website.

Sources: *City's Comprehensive Annual Financial Reports*

Other Postemployment Benefits

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45), which addresses how state and local governments must account for and report their obligations related to post-employment healthcare and other non-pension benefits (referred to as Other Postemployment Benefits or "OPEB").

The City provides health insurance to retirees and spouses of retirees from the date of retirement until they reach eligibility for Medicare. Retirees are responsible for paying the full cost of the premiums. The insurer requires a minimum of 10 years of service in the LAGERS program before eligibility occurs. The City has continued this program, and there is not a separate city service requirement. The City pays health insurance premiums one month in advance of the coverage period, so all payments are regarded as "pay-as-you-go."

With the advent of GASB Statement 45, the City has engaged actuaries to provide biennial actuarial valuation reports. Under GASB 45 such costs must be accounted for on an accrual basis. The City must report an annual OPEB cost based on actuarially determined amounts that, if paid on an ongoing basis, will provide sufficient resources to pay these benefits. The most recent actuarial report had a valuation date of July 1, 2015.

Components of the City's annual OPEB cost, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the plan for the fiscal year ended June 30, 2016 are as follows:

Normal costs	\$ 251,597
Amortization of unfunded actuarial accrued liability	<u>224,559</u>
Total	476,156
Interest on OPEB obligation	77,551
Adjustment to annual required contribution	<u>(116,399)</u>
Annual OPEB cost	437,308
Expected contribution (related to implicit rate subsidy)	<u>(162,000)</u>
Total Adjustment	275,308
Net OPEB obligation, beginning of year	<u>2,515,748</u>
Net OPEB obligation, end of year	<u>\$2,491,056</u>

Funded status of the City's OPEB as reported in the actuarial reports received to date:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>UAAL as a percentage of Annual Covered Payroll</u>
July 1, 2011	\$--	\$3,525,313	\$3,525,313	11.0%
July 1, 2013	--	3,017,998	3,017,998	9.4
July 1, 2015	--	4,130,100	4,130,100	12.2

Required contributions as reported in the actuarial reports received to date:

<u>Fiscal Year Ended June 30,</u>	<u>OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$437,332	7%	\$1,301,564
2013	437,332	21	1,648,896
2014	349,426	19	1,932,322
2015	349,426	19	2,215,748
2016	437,308	37	2,491,056

For more information regarding the City's OPEB plan, please reference "Note 8, Other Post Employment Benefits," of the City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2016, an excerpt of which is included as Appendix IV of this Official Statement.

Sources: City's Comprehensive Annual Financial Reports.

General Fund Budget Summary

	<u>2015-16 Budget</u>	<u>2015-16 Actual</u>	<u>2016-17 Budget</u>
Revenues:			
Taxes	\$50,830,925	\$51,287,969	\$51,700,181
Licenses, Permits & Fees	1,655,673	2,546,787	1,786,379
Fines & Forfeitures	1,532,144	1,508,415	1,412,986
Interest	-0-	206,649	64,103
Intergovernmental Revenues	979,021	991,744	826,253
Charges for Services	3,566,230	4,572,807	5,271,476
Other	1,557,065	1,914,858	1,494,400
Operating Transfers In	<u>1,066,302</u>	<u>1,935,428</u>	<u>954,515</u>
Total Revenue	\$61,187,360	\$64,964,657	\$63,510,293
Expenditures:			
Personal Services	\$42,372,284	\$42,037,108	\$44,877,253
Supplies	141,000	174,224	235,000
Contractual Services	8,237,357	7,485,369	10,015,278
Maintenance & Repair	6,862,779	6,502,557	7,297,963
Utilities and Fuel	2,403,981	1,997,574	2,302,787
Capital Outlay	-0-	-0-	675,000
Operating Transfers Out	1,020,014	1,456,655	951,123
Interest Expense and Depreciation	-0-	318	-0-
Other	<u>148,390</u>	<u>63,572</u>	<u>274,788</u>
Total Expenditures	\$61,185,805	\$59,717,377	\$66,629,192

Sources: The City and the City's Comprehensive Annual Financial Reports.

Major General Fund Revenue Sources

<u>Revenue</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Property Taxes	\$20,188,941	\$18,121,482	\$18,111,944	\$18,709,442	\$19,149,720
Sales Taxes	11,736,388	13,076,121	13,584,137	14,145,869	15,116,747
Franchise Taxes	13,743,797	14,080,374	14,083,783	13,870,764	13,068,478
Charges for Services	3,605,332	3,688,256	3,648,402	3,935,146	4,572,807
Motor Vehicle Taxes	-0-	3,262,217	3,397,313	3,514,204	3,616,455

Sources: City's Comprehensive Annual Financial Reports.

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PROPOSED FORM OF BOND COUNSEL OPINION



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KANSAS CITY, MISSOURI 64108-2521

ST. LOUIS
WICHITA
OMAHA | LINCOLN

Forthcoming

Provided by Bond Counsel

CONTINUING DISCLOSURE CERTIFICATE

Forthcoming

Provided by Bond Counsel

SUMMARY OF PROPERTY VALUATION AND TAX LEVIES

Accounting, Budgeting and Auditing Procedures

The City currently produces financial statements that are in conformity with accounting principles generally accepted in the United States of America. 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 Manager and submitted to the City Council for consideration prior to the fiscal year commencing July 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 Manager 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 City Council. 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 accounting principles generally accepted in the United States of America.

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 June 30, 2016 was performed by RubinBrown LLP, Certified Public Accountants & Business Consultants, Overland Park, Kansas. Copies of the audit reports for the past 6 years are on file in the City Manager’s office and are available for review.

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%

Assessors are now required, by Section 137.115.1, RSMo, to prepare and submit a two year assessment plan on or before January 1 of each even-numbered year. Such plan must be approved by the county commission and the State Tax Commission. Section 137.750, RSMo, authorizes the state to reimburse 60% of most of the costs of reassessment provided that the county is in compliance with its assessment and equalization maintenance plan.

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.

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 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.

Tax Rates, Levies and Collections

Tax Collection Procedure:

Property taxes are levied 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 October 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 them by the City 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. Once indebtedness has been approved by the constitutionally required percentage of the voters voting thereon 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 City Council 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 general fund levy cannot exceed the “tax rate ceiling” for the current year without voter approval. The tax rate ceiling, determined annually, is the rate of levy that, when charged against the newly assessed valuation of the City for the current year, excluding new construction and improvements, will produce an amount of tax revenues equal to tax revenues for the previous year increased by 5% or the Consumer Price Index, whichever is lower. Without the required percentage of voter approval, the tax rate ceiling cannot at any time exceed the greater of the tax rate in effect in 1980 or the most recent voter-approved tax rate. Reductions in the tax rate due to this limitation are commonly referenced as the “Hancock rollback.” In 2008, through the enactment of Senate Bill 711 (“SB 711”), the Missouri General Assembly approved further limitations on the amount of property taxes that can be imposed by a local governmental unit. Prior to the enactment of SB 711, a Hancock rollback would not necessarily result in a reduction of a city’s actual operating tax levy if its current tax levy was less than its current tax levy ceiling, due to the city’s voluntary rollback from the maximum authorized tax levy. Under SB 711, in reassessment years (odd-numbered years), the Hancock rollback is applied to a city’s actual operating tax levy, regardless of whether that levy is at the city’s tax levy ceiling. This further reduction is sometimes referred to as an “SB 711 rollback.” In non-reassessment years (even-numbered years), the operating levy may be increased to the city’s tax levy ceiling (as adjusted by the Hancock rollback), only after a public hearing and adoption of a resolution or policy statement justifying the action. The tax levy for debt service on the City’s general obligation bonds is exempt from the calculations of and limitations upon the tax rate ceiling. Under Article X, Section 11(c) of the Missouri Constitution, any increase in the City’s general fund levy above \$1.00 must be approved by two-thirds of the voters voting on the proposition.

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EXCERPT OF 2016 COMPREHENSIVE ANNUAL FINANCIAL REPORT

The City is audited annually by an independent certified public accounting firm. Data on the following pages was extracted from the City's comprehensive annual financial report for fiscal year ended June 30, 2016. The reader should be aware that the complete financial statements may contain additional information which may interpret, explain or modify the data presented here.

